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FBIS-EEU-94-104 *31 May 1994*

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Police Charge Omonia Leaders With Espionage

AU2705161394 Tirana GAZETA SHQIPTARE in Albanian 21 May 94 p 1

[Fa.Bax. report: "'Omonia Activists Involved in Espionage'"]

[Text] Tirana—Six local leaders of Omonia, recently arrested in a lightning strike of the Albanian police, have now been accused of espionage. Theodori Bezhani, Irakli Sirma, and Kosta Qirja from Gjirokaster; Vangjel Paparisto from Sarande; and Panajot Marto and Kosta Cavo, resident in Delvine, are now being held in prison on the serious charge of "maintaining links with the Greek secret services." Some time ago, they had all faced the preliminary charges of illegally carrying weapons and of anticonstitutional activities. Following further investigations, the Tirana Procurator's Office has now declared its opinion on the six arrested members of the Greek minority. Those arrested are almost all leaders of local organizations of Omonia, or people well-known for their activities in the Greek minority areas.

The news, since confirmed by the Tirana Procurator's Office, came only one day after the news conference of the leadership of the Greek minority organization, at which Omonia Chairman Sotir Qirjazati had one again asked for the highest Albanian state authorities to intervene to free the six persons under arrest, and had reemphasized their innocence. The Omonia leadership also repeated the demands they submitted about one year ago, including for "an increase in local self-government." Among the most important demands put forward by Omonia are the right to Greek-language broadcasting and the right to use two official languages and two national symbols.

All these developments take place at a time when there is an evident increase in diplomatic efforts to improve relations between the two states, which have passed through a chilly period following last month's serious terrorist incident near the village of Peshkepi. Meanwhile, following their first meeting in Zurich, the two foreign ministers, Serreqi and Papulias, have agreed to meet in Tirana in order to discuss the problems still existing between the two countries. Albanian President Sali Berisha himself reemphasized his readiness to assist the good progress of these relations. Replying to a Greek journalist's question on 19 May, Berisha said, "I agree to visit Athens, of course, if they invite me."

Ministry Protests to Greek Envoy

AU2705175694 Tirana TVSH Television Network in Albanian 1635 GMT 27 May 94

[Announcement by the Foreign Ministry spokesman in Tirana on 27 May—recorded]

[Text] Mr. Khristodhoulos Tsalikis, ambassador of the Greek Republic in Tirana, was summoned to a meeting at the Foreign Ministry today. He was notified of a complaint in the name of the Albanian Foreign Ministry regarding completely unfounded claims on the alleged new arrests of Albanian citizens of Greek origin.

Mr. Tsalikis was also told that if the Greek side is not interested in misinforming its own public, as well as the international public, by spreading lies, then the Greek side should contact the proper Albanian organs to be informed correctly.

Mr. Tsalikis was further told that the dissemination of false information and the threatening tones of members of the Greek Government causes one to think that they are an expression of a lack of will on the Greek side to overcome the present difficulties in relations between the two countries.

FYROM Reportedly Jamming TV Broadcasts

AU3005182894 Lezhe KOHA JONE in Albanian 25 May 94 p 4

["E.G."-initialed report: "Waves of Albanian Radio-Television Jammed"]

[Text] Dibra e Madhe [Debar], the historic city of the Diber region that remained under Serbia (today's Macedonia [The Former Yugoslav Republic of Macedonia—FYROM]) in 1913, has for some years been watching the programs of Albanian Radio-Television [RTSh] via the television booster at Homesh, which sends out a signal to all Diber.

Albanian Television's many viewers in the city of Dibra e Madhe point out the fact that RTSh is being jammed. The jamming stations installed on the border with Albania many years ago are still being kept in action throughout RTSh's broadcasting time.

In the past, when barbed wire divided the two Dibers and during the "ideologic war" between Albania and Yugoslavia, television-jamming was part of the systems that ruled in both countries, although Skopje Television was never jammed in Peshkopi. Now, with freedom of the press and information, freedom of movement, and advancing democratic processes, the attitude and action of the Macedonian side in jamming RTSh is totally anachronistic and incomprehensible.

It is also impossible to understand why Macedonia is pursuing the old-style politics and practice of isolating the Albanians by jamming RTSh on purpose, at a time when Albania has opened all its doors and windows to Macedonia. Let us not go into the extremely cold response to the introduction of the Albanian press and literature in the Albanian regions of Macedonia.

Our government is aware of these problems, because they have been raised in public on other occasions. It is regrettable that, where they are concerned, it still pretends to be blind, deaf, and dumb.

Trial of Alia, Communist Officials Resumes

AU2705175794 Tirana Radio Tirana Network in Albanian 1330 GMT 27 May 94

[Report by Rezear Xhaxhiu from the Tirana Court]

[Text] The trial of the last 10 former leaders of communist Albania resumed today with explanations by defendants Simon Stefani and Hekuran Isai. For details on this hearing, let us follow our correspondent at the trial:

[Xhaxhiu] Today's hearing of the trial of 10 high functionaries of the Albanian communist state opened with explanations by the defendant Simon Stefani. The leadership of the Party of Labor of Albania [PPSh] is the only unfortunate leadership of all the Eastern communist countries to have such a destiny and experience prison, the former number one at the Interior Ministry stated in his explanations. The former Politburo member did not neglect giving a further philosophic-Marxist analysis of the political party system that prevailed for decades on end in Albania, stressing that the party decisions had to be carried out. I did not order the dragging of dead bodies on the border, I did not order the shooting of those who crossed the border, he said. Speaking about other sections of the indictment, the defendant Stefani rejected them and considered the indictment to be generally erroneous and premeditated.

After theorizing about the impossibility of economic equality in socialism, the defendant explained further the practices that he had found in place, the implementation of standing regulations, and the efforts he had made in changing the instructions on telephone checks and the opening of mail.

The trial continued later with explanations by defendant Hekuran Isai, the other former interior minister. In his two hours of explanations, Isai attacked the past and present left and right wings, assessed the progressives in the bosom of the Politburo, and considered the PPSh to be fatally broken in the face of the hurricane of democratic youth. The defendant Isai, too, did not fail to carry out an autopsy on the regime at the pinnacle of which he had existed for many successive years.

Citing [Albanian patriot] Noli and [Albanian statesman] Saidi, passing from Spartacus to Achilles, from Enver Hoxha to Poland's [Communist Prime Minister] Rakowski, from a Kosovar poet to the Spanish Gonzales, the defendant spoke at length about social systems, the former PPSh Central Committee, the functioning of the Secretariat, and the expenses of the red group, which according to Isai's arithmetic, resulted in only 1 cent grabbed each year from the Albanian people.

The former deputy chairman of the infamous Eviction-Exile Commission did not accept his role on this Commission. The post of deputy chairman, he said, does not constitute an error, just as the 118 decisions approved by him on the eviction and exile of dozens of innocent families do not constitute errors. Isai challenged the indictment with global figures.

The same stance was maintained in the previous hearing by defendant Manush Myftiu, the chief of the Commission. According to the Association of Former Convicted and Political Prisoners, there approximately 60,000 persons were imprisoned or exiled during the communist regime. The same association confirms that about 700,000 were persecuted nationally during this period. Nevertheless, on behalf of the defendants Isai and Myftiu, two of the leading characters on this infamous Commission, no one could dare to raise his voice against the existence of this Dantesque commission.

Ex-President Rejects Charges

AU2705210994 Tirana Radio Tirana Network in Albanian 1730 GMT 27 May 94

[Report by Rezear Xhaxhiu]

[Excerpt] [passage omitted] At 1500 the testimony of Ramiz Alia was heard in the Tirana Court's hall. In a long apology of about two hours, the defendant rejected the accusation by often attacking it and frequently claiming that it did not present any concrete facts and that it is completely political and extremely (?hectic).

Continuing with his explanations, the former first secretary of the Party of Labor of Albania [PPSh] explained several sections in the indictment, with which he is charged. I have not accepted and will never accept the idea that I have misappropriated and abused, Alia insisted, who is charged with the criminal act of misappropriating state property in conspiracy and that of abuse of position in conspiracy, defined in Articles 62/13 and 106 of the Penal Code.

Defense Counsel Kleanthi Koci spoke in defense of his client. Koci denounced the grave violations that, as he said, were inflicted on his client. Counsel Koci, former chairman of the High Court of Appeals at Alia's time, stated that these violations are based on not knowing the constitution and having a low professional level.

No, rejoined Neshat Fana, the prosecutor. It is Alia himself who tried to give political coloring to his speech. The charges against the defendant are not based on when he was president, but for the time when he was party chairman. The prosecutor continued to say that the denouncements of hundreds of families of those convicted have been entered in the investigation file. They request that the defendant be convicted as a criminal, as the one who initiated ideas on the isolation and depersonalization of the people, massive evictions, murders on the border, as a continuer of [Enver] Hoxha's deeds, etc. The indictment does not charge the defendant with such claims, but accuses him of personal errors while he was at the head of a political party. The people conducted a political trial, as Alia is trying to represent today's hearing, against him in February 1991 and March 1992.

After the prosecutor's speech, Defendant Alia replied again, considering the speech of the prosecutor as a subterfuge against him. [passage omitted]

Alia, Ex-Ministers Claim Innocence

AU2705205794 Tirana TVSH Television Network in Albanian 1800 GMT 27 May 94

[Excerpts] [Announcer] The report on the trial of former Albanian President Ramiz Alia and nine high-level party and state communist functionaries has just been finished. Marash Mirashi reports:

[Mirashi] Today's hearing opened with a request by Chairman Celiku for silence, due to the extreme heat and the large number of correspondents in the courtroom. It could be said that this is also a moral trial being conducted against the former party state.

[Begin former Interior Minister Simon Stefani recording] We should in no way forget that the Party of Labor [PPSh] at that time was not only a political organization, or rather the only party in power, but it was in fact a state party that performed state functions. [end recording]

[Begin former Interior Minister Hekuran Isai recording] We were a party state. The party decisions had a state power that was obligatory for the state and for society. The role of party state relied on the constitutional law. That is how it was. [end recording]

The defendants—Simon Stefani, Hekuran Isai, and Ramiz Alia—explained the indictment against them at today's hearing. It should be stressed that the defendants categorically negated everything as if they were inhabitants of an unexplored planet and not the main characters of an unprecedented dictatorship.

While most of the trial proceedings were being conducted in the hall, the shivering victims were in other halls of the Tirana Court testifying to correspondents [passage omitted including indistinct recorded passages]:

In his deposition, Stefani negated the charges, stating that his entire activity was in conformity with the law. According to him, nothing makes him responsible—not the abuse of official position, the murders on the border, or his contribution to drafting the platform on state security.

While the evidence points to Stefani for the assassinations of a number of citizens on the southern border, he declared at the trial that he had not given any order. However, a telegram states the contrary. This is a political trial, he said.

Prosecutor Thana defended the indictment by building on authentic facts. Chairman Celiku then read the text of the telegram, which placed Simon Stefani in a very serious position. The defendant said that no one dared to oppose the Politburo. Chairman Celiku then asked him to recall several names of Politburo members during his time. Stefani named some 10 Politburo members, dead and alive, including himself.

Chairman Celiku later requested some explanations from Hekuran Isai. He gave an extremely long speech of a theoretical character, which, at times, was mixed with a typical communist irony. He also admitted nothing. He said that the indictment is political. Meanwhile, the defendant, in general, expressed himself against the class struggle. I expressed my convictions against the class struggle even when I was interior minister, he said. I have never acted against the law. I have always applied decisions by the PPSh accurately.

The defense counsel of Isai proceeded to say that his client should be thanked for his tolerance and soothing of the dictatorship.

The chairman of the judicial body and the prosecutor asked Isai to explain the exiles and evictions. The defendant said that, while he was deputy chairman of this commission, he approved only 112 such decisions.

The explanations by Alia, though at an hour of hot and muggy weather, were received with interest by the media. The former head of state declared himself to be a political prisoner and, consequently, innocent. The former president claimed no responsibility. On the contrary, he claimed several merits. The indictment does not blame me in a legal way, Alia said. I did not participate in a conspiracy and I did not abuse my position. I have not approved the movement against religion alone in the Politburo, but together with the others, after we were convinced in the youth's movement against the religious cult.

The defense counsel claimed Alia to be innocent. We cannot judge on a former head of state.

Meanwhile, Chairman Celiku and Prosecutor Thana told him that we are not judging and charging Alia as a former president but on the basis of stored charges. The next hearing begins at 0900 tomorrow.

Proceedings Continue 28 May

AU2805200994 Tirana TVSH Television Network in Albanian 1800 GMT 28 May 94

[Text] [Announcer] The trial of former Albania's last communist president and nine former state and party communist functionaries continued proceedings today. Marash Mirashi:

[Mirashi] At the beginning of today's hearing, Chairman Celiku requested explanations concerning the indictment from defendant Aranit Cela. In a very long speech in which slogans were not absent, the former prosecutor general, chairman of the High Court of Appeals, and deputy chairman of the Exile-Eviction Commission for half a century, presented himself to be innocent.

Defendant Cela is charged with abuse of position resulting in violation of the fundamental freedoms and

rights of citizens and illegal arrests as a result of the application of the State Security platform approved by the Politburo of the Party of Labor. He is charged with a large number of illegal exiles.

Defendant Aranit Cela is also accused of illegal convictions regarding exiles and evictions, exiles that go back as far as 45 years. What is worthy of stressing is the fact that Cela committed exiles and evictions without a court's decision, without declaring the persons guilty. Defendant Cela himself declared that they had also exiled persons that represented only a potential social danger, such as the case of innocent persons pursued or surveyed by the State Security. In this framework, we have carried out exiles en masse of the inhabitants of border areas under the pretext that they, one day, could cross the border, Cela said.

According to the prosecutor, defendant Aranit Cela approached the evidence of the indictment.

Prosecutor Fana said that in the judicial language, social danger is a sack for everybody.

The same charges fell on former prosecutor general Rrapi Mino. Among the monotonous rhythms of an oblong speech, the heat, and the claims of innocence by defendant Mino, the reporters, through a complete indifference, almost emptied the hall.

Defendant Rrapi Mino stated that he had never violated the law. After several questions by Chairman Celiku, the answers of the defendant Mino proved to be very disoriented.

With his intrusion based on charges, Prosecutor Fana, in a very correct way, presented facts and arguments of the committed murders. The counsels for the defense followed the tune of their clients. At this, today's hearing closed. The next session opens at 0900 tomorrow.

Berov Comments on Result of Confidence Vote

AU3005134594 Sofia TRUD in Bulgarian 27 May 94 pp 1, 3

[Interview with Prime Minister Lyuben Berov by Irena Marinova at the Bulgarian National Assembly on 26 May: "No One Envies Me for the Role I Perform"]

[Text] On 26 May Prime Minister Berov was constantly besieged by TRUD reporters. The interview with him began in the parliament at noon, when the prime minister arrived for his meetings with the parliamentary factions, and continued, rather indelicately, when Professor Berov was on his way to or from the lavatory. When the prime minister heard the results of the vote, he answered the questions of our reporter first.

Before the Vote

[Marinova] Mr. Prime Minister, why did you decide to ask for a vote of confidence on the basis of the government's program until September 1994, and not on a specific matter or on the cabinet's comprehensive policy?

[Berov] Why? The vote is on the cabinet's comprehensive policy.

[Marinova] What do you mean? The request for a confidence vote that was submitted today by Veselin Blagoev, chief secretary of the Council of Ministers, stresses that it is related to the program.

[Berov] Well, yes. This is our present comprehensive policy. What is so strange about it?

[Marinova] It is strange because you selected precisely this alternative, while the Constitution offers two additional alternatives.

[Berov] I think that this is the most prudent one.

[Marinova] What are your arguments?

[Berov] Oh, come on. What arguments do you want. (laughs) The argument is that we want to form an efficient government that will be limited in its term of office and tasks. The program we submitted represents the limited character of our tasks.

[Marinova] Would you like to head a caretaker cabinet?

[Berov] Ah, this does not depend on me only. It is not the executive power that forms a caretaker cabinet.

[Marinova] How long do you give the cabinet you head?

[Berov] You must ask the parliament.

[Marinova] Well, I am asking you, and I am interested in your forecast.

[Berov] For the time being, we are talking about the period until September.

[Marinova] Am I to understand that you are sure of the confidence vote?

[Berov] I think so, although we could also not receive it. It is up to parliament.

[Marinova] Do you refuse to resign because of an inner conviction or because of someone's pressure, and if so, who is this someone?

[Berov] No, this depends on me. I have said this 100 times, and I have said it to you too. I hope you understand.

[Marinova] Nevertheless, would you resign?

[Berov] No, there is no reason for that.

[Marinova] The impression emerges that deputies and parliamentary factions advise you to not resign.

[Berov] No, no. I say that if someone wants to foil this government, he must admit this. I stressed "if," and I was very clear and brief.

[Marinova] How could you explain a failure to sign the framework agreement?

[Berov] I would explain it by the unwillingness of the people to sign.

[Marinova] Whom do you see as the future prime minister?

[Berov] I do not determine this. If I was a king, I would have appointed prime ministers, but I am not one.

[Marinova] What did you discuss with the Bulgarian Socialist Party [BSP]?

[Berov] We discussed the program we submitted.

[Marinova] Did the Socialists say that they will support the government program until September?

[Berov] No, we did not talk about this. Their parliamentary faction must decide this.

[Marinova] But you said that you talked about the program?

[Berov] Discussing the merits of the program's elements is one thing and the support of the parliamentary faction is another.

[Marinova] Did you discuss structural and personnel changes in the cabinet with the BSP?

[Berov] No, their parliamentary faction will convene in two to three hours.

[Marinova] How could you explain the fact that a substantial part of the Union of Democratic Forces [SDS] will support you?

[Berov] Why do you ask me and not them? Let us see first if this happens.

[Marinova] I am sure that you will get your vote of confidence.

[Berov] I understand this, but I can answer your question only after the vote.

[Marinova] Have you been disappointed only by Ivan Pushkarov because of the double standards he demonstrated?

[Berov] Yes, deeply.

[Marinova] Who else?

[Berov] No one. Simply, this is the man with whom I talked at the Boyana residence, and who then said "I never saw him." (crosses himself)

[Marinova] Are you disappointed by the BSP? They also changed their position.

[Berov] No one else said "I never saw him."

After the Vote

[Marinova] Prof. Berov, how do you explain the support of those 125 deputies? Did they do it because of you and your cabinet, or because they do not want to part with their parliamentary seats, since they know that they have no chance in the next parliament?

[Berov] I do not know. You must ask them.

[Marinova] (The time is 2010, and the first to greet the prime minister is Ahmed Dogan, leader of the Movement for Rights and Freedoms—DPS). Are you sure that Mr. Ahmed Dogan was sincere in his greetings?

[Berov] I do not know. You must ask him.

[Marinova] Which politician do you think will be sincere in his greetings?

[Berov] I do not know. So far he was the only one to greet me. If you were the second I could say eventually that you were more sincere.

[Marinova] Could you repeat today the words of the ancient military leader "veni, vidi, vici" [I came, I saw, I conquered]?

[Berov] No. First of all I am not an ancient military leader. I even think that no one envies me for this role that I was entrusted with.

[Marinova] Do you not feel yourself to be a winner?

[Berov] No. It is not important how a man feels who has been entrusted with the task to steer the vessel out of the waves.

[Marinova] On whom do you rely?

[Berov] I do not rely on anything.

[Marinova] Were you ready to resign?

[Berov] Of course. If parliament would have voted negatively.

[Marinova] Will you make personnel changes in the cabinet? Should we expect structural changes?

[Berov] There are at least certain minimal changes that must be effected. Then there is a person who resigned.

[Marinova] Will the resignation of [Deputy Prime Minister] Karabashev be the only change?

[Berov] No. [Justice Minister] Kornazhev must also go. Actually, he has already been replaced. Thus, at least two people must go, and perhaps even more.

[Marinova] Will the agreement on the foreign debt save the cabinet?

[Berov] No. I even think that this is not the most crucial factor. (Turns to the journalists around him) Do not push!

[Marinova] If not the agreement on the foreign debt, then what saved you this time?

[Berov] I cannot tell you, because I do not know who voted for me.

[Marinova] I am asking you about the reasons, not about the personalities.

[Berov] I cannot answer this.

[Marinova] Thank you, Prof. Berov.

'Interference' of U.S., Russian Envoys Denounced

AU3005135994 Sofia DUMA in Bulgarian 27 May 94 p 8

[Commentary by Stefan Prodev: "Undiplomatic and Insulting"]

[Text] I know that [U.S. Ambassador] Mr. Montgomery and [Russian Ambassador] Mr. Avdeyev will be insulted, but what can I do? I cannot ignore their meetings with Ahmed Dogan at the parliamentary office of the Movement for Rights and Freedoms [DPS]. The appearance of both ambassadors was so unexpected that even experienced parliamentarians such as Mr. Lyutfi began to stutter in their confusion in front of the journalists. The journalists, who know why, recalled a Latin American state and a Central Asian republic where, until recently, the ambassadors of the United States and Russia read the presidents' speeches.

The urgent visits of Mr. Montgomery and Mr. Avdeyev confused even further the already confused parliament. It became more than obvious that our man from Washington and our man from Moscow must tell the same person something very important. Moreover, the thing they had to tell him was so important that they had to tell it to him separately, in a provocative manner. First the journalists and then the deputies understood that the

"invisible" Ahmed is one of the main "mailboxes" of certain foreign embassies in Bulgaria. It was not by an accident that, after the meetings, the DPS leader found himself in the focus of the political attention. Despite the fact that no one has precise quotations from the talks in the DPS office, it is certain that the two ambassadors utilized Dogan in order to obtain assurances or dividends from the last cabinet crisis. Unfortunately, the Turkish ambassador did not take place in the operational meetings, because then one would have seen even better the real essence of the "mailbox."

In this case we are concerned not so much with Dogan's discreet role, as by the open interference of the U.S. and Russian ambassadors in the game. We understand their desire to thoroughly comprehend the secrets of the Bulgarian puzzle, but nevertheless, a cabinet crisis is a purely Bulgarian affair, and every foreign interference, even through a straw man, cannot be accepted without alarm. This already is not an attempt to render a selfless help, but a most careless blow against our dignity as an independent state. What would have happened for example, if the Bulgarian ambassadors in Washington and Moscow would run to the Congress or the State Duma in order to learn their secrets at the time of an acute political clash? Undoubtedly, this would have been described as a scandal, and our officials would have parted with their diplomatic careers. Unfortunately, the American and the Russian are not threatened by such a fate. They not only feel themselves rather free under our conditions, but also demonstrate no sense of tact. Obviously, in their imperial awareness, the Bulgaria of today is a Balkan Haiti or a Balkan Ossetia, over whose destiny Russia and the United States have unlimited powers. I could be wrong, but the two ambassadors could hardly deny the fact that these scandalous meetings with Dogan under the roof of the parliament, at a critical moment for Bulgaria, contains certain colonial elements.

I am not writing these lines only as a journalist, but also as a deputy who was personally insulted by the two diplomats. This is so because their unexpected visits are political interference in the internal affairs of a sovereign state in any normal language. The two gentlemen emerged the parliament at the most unsuitable moment, as if they wanted to assure us that without them Bulgaria cannot resolve its problems. This is not concern or diplomacy, but a real inference with our own will. I feel uncomfortable having to say this, but what else could I say to them?

Apparently, Mr. Montgomery and Mr. Avdeyev are not bothered by scandals, and therefore they create them themselves. This might be an accepted style of behavior in diplomacy, but in Bulgaria, where nerves have been strained by the situation, such behavior could only be damaging. It repels and insults, something that evokes concern. This is what the two diplomats should know when they attempt to directly influence our political reality. Despite its current drama, Bulgaria is neither Haiti nor Ossetia. It is not an enclave or a strip. It respects the strong ones, but it also demands respect from them. People such as Dogan, regardless of how convenient they are for various maneuvers, are not the real face of Bulgaria. They are only a complex particle of our national landscape, which does not fully express our interests. Therefore, it is irresponsible of anyone to turn them into an important factor. If the United States and Russia want to indicate a position on certain Bulgarian problems, they must seek a more authoritative "mailbox." Otherwise they could experience disappointments. After all, the "mailbox" could always be blamed and produce a confusing message. This is especially important in Bulgaria, which has experienced everything, including a 500-year Turkish yoke, but has never been a colony, and will never be one!

KNSB, Employers To Hold Bilateral Talks

AU3005190194 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 30 May 94

[Report by Varshava Maksimova]

[Text] Today Professor Krustyu Petkov, leader of the Confederation of Independent Trade Unions in Bulgaria [KNSB], met with the leadership of the Bulgarian Economic Chamber [BSK]. Both sides expressed the view that the present government has finally changed over to an antisocial stance.

After the meeting, Krustyu Petkov stated that since the Berov cabinet is illegitimate and it is impossible to conduct a serious dialogue with it, he will resort to an unusual approach for our country, namely, for the trade unions and employers to hold bilateral talks on topical problems. He said that tomorrow it is likely that the two sides—the KNSB and BSK—will sign a document in which they will call upon other social partners to join them.

This afternoon the KNSB Executive Committee held a session to discuss the draft project that the Council of Ministers has submitted for compensating incomes during the second quarter that, in his words, was like throwing dust in the eyes of the trade unions and the discontented population.

During the next few days, the KNSB will also discuss specific forms for applying trade union pressure, including boycotting the payment of bills for thermal and electric power, with the aim of unblocking the accord reached on income policy from the beginning of the year.

KNSB, BSP Agree To Coordinate Actions

AU3005173694 Sofia Khorizont Radio Network in Bulgarian 1500 GMT 30 May 95

[Text] The Press Center of the BSP [Bulgarian Socialist Party] has informed BTA that BSP leader Zhan Videnov and Professor Krustyu Petkov, president of the KNSB

[Confederation of Independent Trade Unions in Bulgaria], met today to discuss their attitudes to the government's intentions, the possibilities for early parliamentary elections, and obtaining the compensations for price increases desired by the KNSB. The two agreed to establish a degree of coordination in the actions taken by the BSP and KNSB to defend the population's most important social and material interests during the forthcoming period.

Committee Permits Start-Up of Kozloduy Reactor

AU3005181494 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 30 May 94

[Text] The Committee for Peaceful Uses of Atomic Energy has issued permission for the recommissioning of the Reactor Unit 1 at the Kozloduy Nuclear Power Plant, which was shut down 16 days ago because of a leak in the air vent of its the main circulating pump. The unit is already connected in parallel to the national grid. Following a successful check on its condition, the No. 2 Reactor is also being prepared for start-up.

'Very Serious' Incident Alleged

AU3005122394 Sofia REPORTER 7 in Bulgarian 27 May 94 p 4

[Article by Boyan Marinov: "Nuclear Bosses Again Covered Up the Truth"]

[Excerpt] It was reported through the newspapers a few days ago that the No. 1 Reactor Unit at the Kozloduy Nuclear Power Plant was shut down because of a fault in one of the six cooling pumps. Kozloduy Plant Chief Dyanko Dobrev specified: "There is no danger of an accident; the unit could have continued operating, but we stopped it for reasons of greater security." According to Nikita Shervashidze, chief of the state department responsible for power supply [National Electricity Company], the fault could have been corrected very quickly, but the reactor had to be checked before reentering service.

Following an old tradition, the nuclear chiefs said little but kept quiet about much more. In this case, they failed to divulge the truth about the danger of an accident after the reactor was shut down.

According to specialists, the situation that arose in the No. 2 Unit is reminiscent of the dangerous incident in September 1981 that REPORTER 7 wrote about in Issue No. 14 of 8 April 1994. The difference is that the second time the emergency situation occurred, the reactor was shut down.

Following a suspected leak, the first cooling circuit was shut down to repair the vent of the No. 1 main circulating pump. While this repair was in progress, due to inadequate control on the part of the operating staff, a infraction occurred of the regulations related to the cooling of the nuclear fuel in the reactors' active zone. This led to a dangerous situation. The cooling water in the active zone boiled, negatively affecting the removal of heat, and this could have led to overheating and a risk of leakage from the heat-removing elements that contain nuclear fuel.

In figurative terms, the incident was like a electric kettle full of boiling water. If the kettle boils dry, it will burn out. This popular comparison is also correct regarding the so-called human factor. Operator error, or more specifically gross negligence and irresponsibility, again produced the critical situation. Specialists assume that the rise in the radiation level in the premises housing the first circuit make the dozing staff "wake up" and react to the situation.

Competent sources describe the incident as "a very serious emergency situation." It eloquently confirms once again that the nuclear plant has been left in a state of anarchy and poor control, as REPORTER 7 noted in its previous article. It seems that the maxim of "if you get away with it, that is all well and good," which seems to have been adopted almost as a rule by our nuclear managers, has been passed down the line and reached the junior staff of the Kozloduy Nuclear Power Plant. [passage omitted]

Zantovsky Interviewed on U.S. Economic Ties

AU2705152894 Prague HOSPODARSKE NOVINY in Czech 20 May 94 pp 1, 19

[Interview with Michael Zantovsky, Czech ambassador to the United States, by Kveta Subrtova; place and date not given: "The Czech Republic's Presence in the American Market Should Be Stronger"]

[Text] [Subrtova] The post-November Czechoslovakia, and then also the Czech Republic, enjoyed relatively high political and economic respect in the United States. How successful has the Czech Republic been in preserving its good reputation now, when the attention of the United States in Europe is focused more on the southeast and east?

[Zantovsky] Political and economic respect cannot be measured by the number of newspaper headlines or public statements. Serious international problems and crises attract most of the attention, but our country has been spared them, fortunately. The continuing political respect—which was best expressed by President Clinton's visit to Prague in January this year—as well as the continuing economic interest—documented by that fact that more than half of all foreign investments in the Czech economy in 1993 came precisely from the United States—show that our mutual relations have maintained a constantly high level, which is without precedent in our modern history. The Czech Republic has the reputation of being a stable, reliable, and economically very promising partner.

The United States is still interested in our market, access to our market, and investments. A mission from the government agency for foreign private investments, OPIC, will arrive in Prague in June, bringing with it several dozen interested American entrepreneurs. We only have to look at the activity of the U.S. Embassy commercial section, foreign services of the U.S. Department of Agriculture, or the U.S. Chamber of Commerce in the Czech Republic, to see that the United States does not underestimate its access to our market.

[Subrtova] There is no doubt about the fact that President Bill Clinton's visit to Prague in January was important for American-Czech relations. Is there any specific evidence yet that the impetus that this visit could, and should have brought for the development of relations between our two countries in the political, cultural, and, particularly, the economic sphere is being implemented?

[Zantovsky] The start of the Partnership For Peace project—which all the participating countries in the Prague summit and a number of other countries have joined—was the main result of President Clinton's visit to Prague. Now, the program is in the stage of preparation, while presentation documents are being handed over. These documents will determine the specific modalities of the participation of individual countries. It is important that we have succeeded, for the time being, in preserving the principle of the equality of all countries participating in the program. By granting special status to any country, the program would be downgraded.

The conference in the fall on free trade between the United States and the countries of central and Eastern Europe will be the result of the impetus in the economic sphere. In this connection, we can observe a revival of American interest in the idea of a free trade zone between the United States and the CEFTA [Central European Free Trade Association] countries. I believe our American partners will be able to prepare a program for the conference that could result in a larger opening of the market to our products and build on the steps that the U.S. Government took at the beginning of the nineties. The Czech Republic may have acquired a permanent most-favored-nation clause, but there are still quantity restrictions on some of our commodities, for instance, in the form of quotas on the import of our cheese or textiles. One of the positive steps could be the preservation, or even a further extension of the system of customs preferences for our products.

[Subrtova] Today, Czech diplomatic missions in the world largely supplant the role of commercial and economic "reconnaissance" [vysadek]. What is the activity of the embassy whose head you are?

[Zantovsky] Along with the center of the Czech Republic's economic activity being transferred to the sphere of private enterprise, the role of embassies in this sphere is also being changed. We see our role particularly in transmitting high quality economic and commercial information in both directions, and in promoting the potential of our economy and our economic results, not only in Washington, but all over the United States' territory.

[Subrtova] What problems are you encountering in this activity, and what success, if any, have you achieved? How could our domestic (Czech) economic sphere help you in this respect? Moreover, what can you offer, or what advice can you give to our businessmen, bankers, and entrepreneurs?

[Zantovsky] I dare hope that we, too, deserve some credit for the continuing interest of American businesses in investing in the Czech Republic, and for the successful course of negotiations on certain larger-scale economic projects. We are paying primary attention to the economic sphere. Our monthly bulletin, CZECH THE NEWS, which is now in the second year of publication, also plays a positive role in that respect. Since January 1994, our bulletin has been available also in electronic form on the Internet network. We organize a number of events, lectures, and seminars regarding these problems. At present, we are preparing a lecture on privatization to be delivered by R. Sabela, deputy minister of industry and trade, a seminar with our representatives in the International Monetary Fund and the World Bank, and we are cooperating in the preparation of a seminar on the development of tourism in the Czech Republic, in which Economy Minister K. Dyba should participate.

We would also welcome it if we managed to organize this year a publicity trip for Minister of Industry and Trade Dlouhy to several places in the United States, a trip that would focus on business and investments, like the one to Canada recently. America is not just Washington and New York; it is also the midwest, Texas, California, and other states. In all those places there are potential opportunities for expanding our economic relations. Whenever possible, I try to help develop these relations when personally visiting various regions in the United States.

In comparison with some comparable European countries, we feel that the presence of the Czech Republic should be stronger on such a large market as the American one. It would help us very much if the concept for the pro-export policy were completed and included provisions for providing company service, searching for partners, and furnishing information on their credibility, etc. Our representative office should not engage in this activity, but other entities should, such as the Economic Chamber or the Association of Industry. The Association of Industry should set up UNIDO offices, where Czech investment specialists are active, also in Washington, apart from Europe and Tokyo. A possibility has arisen to open a CZECHINVEST branch in California. It would be very beneficial if a Czech tourist center could be independently active here. I believe it is important for the further development of economic activity also to expand—following the example of other countries—our diplomatic presence on the territory of such a vast country as the United States. The opening of the Consulate General in Los Angeles, which is being prepared, and our efforts to establish honorary consulates in a number of the states are related to this. The forthcoming opening of the Czech Center in New York plays an important role here.

Our national agencies and businesses help us most by providing us with high quality information on the macroeconomic situation, and also on entrepreneurial and business opportunities on the microeconomic level. We would like to receive more information and more often.

Regarding providing advice, I will be more cautious. It is easy to give advice where other peoples' money is involved. If I may give advice, then I would say that it is very important to adopt in business and other negotiations something that they call here "follow through" [previous two words published in English], which means, approximately, "carry matters to completion." This is commonplace here. Any letter or fax, or telephone call that is not answered for a long time, reduces the probability of a successful result. It is equally important to remember that in American business ethics an oral agreement has practically the same weight as a written one, and is considered binding by both parties. I dare say that, if local demands on speed, promptness, and meeting obligations are met, Americans are the most reliable partners in the world.

Independence and initiative are additional prerequisites for a business success in the United States. Sometimes, I have the feeling that it is the absence of these qualities that prevents us from making better use of the great prospects in the sphere of small and medium-size enterprises. A number of U.S. manufacturers would be interested in manufacturing their products, or parts of them, with incomparably lower costs in our country and would welcome offers from our side. Within our possibilities, we try to transmit even this information. However, this is a task, above all, for non- government economic and commercial representative offices.

[Subrtova] What is your personal experience regarding the possibility of equitable cooperation between a small Central European country and the only world superpower today?

[Zantovsky] I, myself, am of small stature, but I have never had difficulty in cooperating with people who are 15 inches taller. In cooperation between two countries, size is not of primary importance, either. The important thing is whether one country has something to offer the other. We have so much to offer that, despite all the work I have to do, I can still find moments in which I can be proud of being a Czech.

Klaus Discusses European Integration, Party

AU3005182994 Prague RESPEKT in Czech No. 21 23-29 May 94 pp 1, 10

[Interview with Prime Minister Vaclav Klaus by Vladimir Mlynar; place and date not given: "With Vaclav Klaus About the Nation, Europe, and the Civic Democratic Party"]

[Excerpts] [passage omitted] [Mlynar] Two years ago, as you assumed the post of prime minister, you told RESPEKT that it is "too early to define Czech interests." How would you characterize Czech interests today?

[Klaus] If I recall correctly, I told you also that I am against essays that would force one to formulate elevated phrases while sitting in a closed study, and then attempt to squeeze reality into them. I would say again today that I cannot give you a simple definition of Czech interests. I would say: Take the last two volumes of my collected works, and you will find there what you are looking for in all its variety and scale.

The fundamental issue today is, I believe, to find our, to a certain degree lost, national identity, and not to immediately lose it again through entry into Europe. I keep telling our foreign guests that we do not want to dissolve in Europe like a piece of sugar in coffee. That is for me, at this time, the dominant issue, or if you wish, the Czech interest.

Eurorealist

[Mlynar] What you say corresponds to your reputation of a Euroskeptic. That certainly is in many regards a prudential stand, nonetheless, there is a certain difference: if Norway, for instance—which is firmly linked to

the West and is a NATO member—acts Euroskeptically, it does not risk anything. We are in danger, however, if we overdo the Euroskepticism, of another alternative: We could be left in the gray zone of "Inter-Europe," and in an even worse instance under a certain influence of the East. Do you see any other possibility for the Czech Republic but its integration into the European Union?

[Klaus] I am not aware of any other alternative, and, as a matter of fact, I also refuse the term Euroskepticism. Personally, I would rather subscribe to—if labels are necessary—to the term Eurorealism. I understand it as a stand that accepts the reality, attempts to live in it, and, at the same time, maximize the effect of it that we can enjoy. I disagree with the slogans currently fashionable in the West about the end of ideologies—I do not believe that the discussions about the form of European integration are over. Far from it, we live in the process of constant redefinition of these concepts, and every change in Europe moves us somewhere else. Last year's failure of the European monetary system said something about the Maastricht vision of European currency, the Italian elections said something as they resulted in Foreign Minister Martino, who, as a conservative, cannot have the same opinion on the European integration as, for instance, the Belgian foreign minister. The European reality simply keeps changing. I take it into account, and react very sensitively so that this country benefits.

[Mlynar] Would it not be better for the Czech Republic to seek an alternative to entry into the European Union? A specific status similar to that of Switzerland has been mentioned occasionally in this context.

[Klaus] It has never been mentioned in my presence. Moreover, a specific status like that of Switzerland seems to me a bit too great an ambition.

The Unique Experience of Communism

[Mlynar] How would you like the Czech Republic to look in 10 years?

[Klaus] In 10 years the Czech Republic will be—and I am not saying that this will not happen earlier—a European country indistinguishable from those that have not experienced communism. I mean it politically, socially, and economically. That is my rather clear vision.

[Mlynar] You said recently that the "Western world of ideas is not exactly where" you would like it to be, and that the "Western European proclivity to the left will weigh on us." When you say that in 10 years we will be indistinguishable from our Western neighbors, is the "proclivity to the left" a part of it?

[Klaus] The Czech Republic has a chance—within the historical period we are discussing—to avoid this danger. We have experienced communism, and that makes us hypersensitive to certain things that the West does not feel so acutely.

[Mlynar] Nevertheless, when assessing the results of the Hungarian elections, you said that the reason for the victory of the left wing was that it has a feasible program, and that was more important for the voters than the experience of real communism. That certainly contradicts what you have just said now.

[Klaus] I would not say that there is a contradiction. I clearly differentiate in this context between the Czech and the Hungarian experiences. In Poland and Hungary they did not experience the 1960s as we did, nor did they experience the brutal destruction of all democratization processes. Thanks to this, a significant part of the Polish and Hungarian intelligentsia lived in the delusion of the possibility of revising the communist system from within. Moreover, a vast majority of my Polish friends and colleagues were not pushed to the edge of society in the 1970s and the 1980s as was the case in Czechoslovakia. During those two decades, they frequently sat down side by side with communist leaders in the incessant succession of reform groups. That led to Poland and Hungary having been more liberal in those 20 years than Czechoslovakia was at the time, but also to these people not keeping their distance from the communist regime. Therefore, even in the 1970s and 1980s, the Polish and Hungarian economists were less radical than we were. I know it because I was in frequent contact with them. All this has been projected to a different view of the transformation process today, to the different political structures of the Czech Republic, Poland, and Hungary.

The Time for a Discussion About Joining the European Union Is Only Coming

[Mlynar] As one of a few Czech politicians, you do not hesitate to use the word nation. What does this concept mean to you, and how does it agree with your liberal convictions?

[Klaus] You must concede that the liberal approach is not a limitless and false cosmopolitanism. Liberalism teaches that the point of departure is man, an individual, and that any human fusion should be based on immanent interests of man, and not on a doctrine imposed by force from without. In this respect, I believe that the term nation is a word of which we should not be ashamed. Although in the name of nation things happened in human history that were certainly not the best, I am convinced that many good things also happened in its name. Therefore I insist on the differentiation between the notions of nation and national, and the adjective nationalist. These are two completely different things. I claim that only large, and therefore indisputable, nations take the liberty of playing down the term national, and these nations are actually much more nationalist than we are. Those Czech intellectuals who put on cosmopolitan airs only think that talking about the nation is not good manners.

[Mlynar] Let us, in this context, go back to our joining the European structures. Why, do you think, are the consequences of such a step discussed so little?

[Klaus] The Czech public is only getting there, and that is in order. The discussions about the impact of joining the somewhat limiting European institutions still lie ahead of us, and I do not see any reason for getting to these discussions any faster. I am dealing with it almost incessantly because it interests me, but I do not believe that it is the main topic we must discuss today. The time must be ripe for it, just as it is now for the debate on the senate. To seriously discuss a topic means to read books about it, debate it with friends, and that cannot be speeded up.

[Mlynar] When do you think the time will be ripe for this debate?

[Klaus] I would say that in about two years this country will be ready to replace the slogan "return to Europe" with a discussion about what joining a certain institution means.

The Program for Every Day

[Mlynar] For several months now, Josef Zieleniec, deputy chairman [of the Civic Democratic Party], has been talking about the need for preparing for the Civic Democratic Party a so-called program for every day that would formulate clearly and in detail the party policy on such matters as the housing market, education, health care privatization, and security. At the Civic Democratic Party congress in Koprivnice, you described this idea as nonsystemic. How do you feel about it today?

[Klaus] The idea of the program for every day died in principle. I declare with all responsibility that since the Koprivnice congress, I have not encountered anyone, anywhere, who would want to revive it. I believe that it was just a momentary idea.

I certainly do not have anything against the need for a constant rationalization of the political party program, but I do not feel it necessary to do this rationalization with a capital R precisely now. I take it as a permanent process, and if you read the articles that I write for LIDOVE NOVINY, for instance, you know that the Civic Democratic Party program theses are cerebrated there and expanded ad infinitum the way I see them.

[Mlynar] Your articles in LIDOVE NOVINY represent, however, the stand of the prime minister, or possibly of the Civic Democratic Party chairman, and not that of the party.

[Klaus] That is not the issue. It is a part of the permanent dialogue that we conduct incessantly and at all possible levels of the Civic Democratic Party. Right now, for instance, we are in the process of preparing the election program for the local elections and we hold broad discussions about its individual chapters—that is the constant reflection, of which my articles are also a part. That is the reality. It seems to me that the debate in the media on the program for every day was somewhat exaggerated, that it was an attempt at finding some controversy within the Civic Democratic Party that does not exist. [passage omitted]

Havel on Slovak Elections, Role of Senate

LD2905165194 Prague Radiozurnal Radio Network in Czech 1215 GMT 29 May 94

[Interview with President Vaclav Havel by correspondent Eva Hulkova at the Lany presidential residence; date not given; from the "Conversations at Lany" program—recorded]

[Excerpts] [Hulkova] At a news conference in the Forum Hotel, which was attended by many journalists, you said that on principle the Czech side will not comment on the election contest in Slovakia. [passage omitted]

[Havel] A process of shaping views, political shaping is under way there. It is a new phase of shaping democracy in Slovakia. It is very important that we are aware of all this.

However, at the same time, we should be very careful when commenting on individual political entities. The fact that the standard norm among states is not to intervene in others' internal affairs is one reason for us to observe this. The other reason is that both sides, and especially the Slovak side, are still very sensitive. It is difficult to guess what intention, be it even a good intention, might produce opposite results—whether a statement in support of someone will not be used by someone else against the person in whose support the statement was made. The current situation in Slovakia, especially in the pre-election period, simply demands certain restraint, certain caution, and calls for work on specific issues.

At the same time, no scope should be given for turning any Czech step, or any step taken by a Slovak official concerning the Czech side, into something that causes an emotive playing of the so-called Czech card on the Slovak internal political scene.

I would like to add that my meeting with President Michal Kovac concentrated on the theme of spiritual, cultural coexistence. [passage omitted]

During my talks on coexistence I came across interesting phenomena. On one side Slovakia has achieved its own statehood and many citizens have begun to feel part of that community. Regardless of their previous support or lack of support for Slovakia's independence, nowadays they perceive Slovakia as their own state. They have begun to feel proud of their state. This of course is all right. However, at the same time, they seem to miss something they were used to, something as natural for them as breathing—that is the common Czech-Slovak spiritual dimension. [passage omitted]

An interesting thing is that this loss is paradoxically felt more intensively in Slovakia than in the Czech Lands—

this a bit of a paradox given the fact that it was above all Slovakia that expressed the desire to have its own state. This situation is as it is because our relationship has always been a bit asymmetric, as if Slovakia was more used to receiving impulses from Bohemia than the Czech Lands receiving them from Slovakia. [passage omitted]

However, I think that it is also in our interest not to allow links to be severed that do not need to be, and whose severance will be damaging to us, in fact. [passage omitted]

[Hulkova] Let us take a look at one, I would say, highly contentious moment in your work, at least in terms of the reaction. You signed a document that put a definitive seal on the restitution of property to physical Jewish persons. It aroused a very lively array of rather negative reactions. So what do you think about it?

[Havel] [passage omitted] Citizens of Jewish belief or nationality had their property confiscated during the war by a law derived from the Nuremberg laws. In addition, other property was also seized, but this was usually done by executive means and such cases were more a minority. After the war, President Edvard Benes issued a decree from which there later stemmed legislation rectifying injustices concerning property. It is stated in the original decree that property must be returned to people persecuted because of their race, nationality, or politics. This amendment applies to restitution of property solely to those people who were persecuted for reasons of race. This is because on account of the Communist coup in 1948 it proved impossible to realize. Even though claims were laid, they were never finally met.

Objections to this law referred to the fact that the law applies only to people persecuted for reasons of race and not those others who were persecuted for reasons of nationality or politics. I would naturally also prefer it if the law applied to all groups of people referred to in the original Benes decree. It would be cleaner. Nevertheless, there is no reason why a law should not be ratified that refers to only one group of these people. The fact that it uses the expression that they were persecuted for racial reasons is entirely unavoidable because that is how this group was defined even in the original Benes decree, in spite of the fact that there were other groups in addition. If we wish to rectify this injustice, we must use this definition again. This group was by far the worst affected. The use of the word racial does not constitute introducing any kind of racial criteria into the law, but it is not possible to rectify injustice inflicted on somebody without using the same term, whereby that person was defined when the injustice was committed. In other words, there was no reason of principle nor any moral or constitutional reason for not ratifying such a law, the more so given that if I had not ratified it and returned it to parliament it is questionable whether it will ever have been passed a second time.

Let us go to a more general question now. As it is known, we do not have a Senate. One of the Senate's tasks is to monitor the work of the Chamber of Deputies and act as a safety net should some laws not be very good. [passage omitted]

Because we do not have a Senate, many expect the president to play the Senate's role, they expect the president will somehow improve the laws or propose various changes in the laws.

There are always some who frequently criticize the laws I sign. They reproach me for signing them. But this boils down to the fact that these people do not understand the essence of the right of veto. [passage omitted]

The president's task is not to veto laws just because he dislikes this or that in them. Although, in this particular law there are things I quite dislike, it is not a good enough reason for me to return the law. Thus, the president cannot be continually required to play the Senate's role. The parliament will have to make a decision whether or not we should have the Senate and on ways of electing the Senate. But it is impossible to have the Senate equipped with certain powers written in the Constitution, and yet to fail to form the Senate and, at the same time, to unwittingly expect that its powers should be executed by some other constitutional institution.

[Hulkova] Your claim that you are going to veto the laws only if they seriously fail to meet your ideas seems to me to be a bit of an excuse because the legislators in this country do not greatly differ from you and will not create something where there will be a chance of you absolutely disagreeing with it. I fear that (?given this context) you will never use the right of veto.

[Havel] I will use it. I have already done so on one occasion. Other situations when I will use it will undoubtedly arise. But to a certain extent these will always be exceptional situations. That is how I understand this Constitution and that is how things should be, I think. [passage omitted]

[Hulkova] Do you really think it is bad that since there is no Senate, you are expected to play a certain role that will temporarily replace the Senate, as it were? Is this such a bad situation?

[Havel] I think it is. The roles of individual constitutional institutions should be clearly defined, they should be indisputable, and should not be confused. [passage omitted]

[Hulkova] So we have returned to the topic of the Senate and I reckon we could launch another edition of Conversations from Lany.

[Havel] [passage omitted] There is one thing I would like to say about this topic, though. I think that to maintain the present state of affairs is untenable from the long-term viewpoint. This means that on the one hand, the Senate has been written into the Constitution, and yet we do not actually have one. There are yet other consequences of this state of affairs. At the time when the

Chamber of Deputies is dissolved, it is the Senate that takes over its work. Since we do not have the Senate, it appears there is no one to take over the role of the parliament if it is dissolved and that is why the final clauses of our Constitution say that our Chamber of Deputies cannot be disbanded.

But this state of affairs is unthinkable in democracy. It means we lack one of the basic instruments for solving possible political crises. [passage omitted]

That is why I think that the present, very turbulent climate surrounding the issue of the Senate in political circles is a genuinely important factor for this country. At first glance it appears that citizens are not interested in it, that it does not concern them, and that they are not experiencing it as a burning issue of paramount importance. I absolutely understand it. But the consequences of it could very seriously affect society later. [passage omitted]

Havel Wants Closer Contact With Government

AU3005204894 Prague MLADA FRONTA DNES in Czech 19 May 94 p 2

["(li)"-signed report: "The President Wants To Maintain Closer Contacts With the Government"]

[Text] Prague—President Vaclav Havel wants to stay in more frequent working contact with the government and, therefore, he will attend more of its meetings. "I have come to the conclusion that it will be useful for the two sides if I change slightly the method of my contacts with the government as a whole, with the individual ministers, and with the prime minister. I think that it is in the interest of our state's stability for these contacts to be matter- of-fact and frequent," said the president as he was leaving yesterday's cabinet session, which he attended for about 70 minutes.

The government expressed its agreement yesterday with the president's visit to Slovakia, which is scheduled for 26 May. "The government did not give me any tasks, but, of course, I will receive background materials from the Foreign Ministry as I do for all my foreign visits," said Havel in connection with his visit to Slovakia.

The government also agreed with the president's participation in the celebrations to be held at the beginning of June to mark the 50th anniversary of the allied landings in France.

Trade Minister Signs Treaty With Philippines

AU3005205094 Prague HOSPODARSKE NOVINY in Czech 26 May 94 p 1

[Unattributed report: "Philippines Wants to Trade With the Czech Republic"]

[Text] Manila—The Czech-Philippine trade agreement that is to replace the no-longer-satisfactory treaty of 1977 was signed in Manila yesterday by Industry and Trade Minister Dlouhy and his Philippine counterpart Rizalino Navarro. Minister Dlouhy was also received together with other members of the Czech delegation by Fidel Ramos, president of the Republic of the Philippines, who expressed great interest of his country in the expansion of the relations with the Czech Republic, particularly in the sphere of trade.

Minister Dlouhy Considers Impact of GATT

AU2705134894 Prague HOSPODARSKE NOVINY in Czech 20 May 94 p 9

[Article by Industry and Trade Minister Vladimir Dlouhy: "Czech Trade and the GATT Uruguay Round"]

[Text]*The Czech Republic is a country with an economic potential that has always been and certainly also will be greater than the absorption ability of the domestic market. If we want to achieve an economic growth that makes use of production capacity to the utmost, the ability of our enterprises to gain access to other markets and export is of principal importance. At the same time, our economy is facing major restructuring and modernization, which means a demand for investment in quality technology, currently mostly from imports. The participation of the Czech economy in international trade is, however, of almost decisive significance for future economic growth. That is, above all, why we welcomed the conclusion to the GATT Uruguay Round.*

The Uruguay Round of multilateral trade talks certainly was the most universal negotiation process in the history of the General Agreement on Tariffs and Trade (GATT). A total of 125 countries, which are responsible for more than 90 percent of world trade, took part in the Uruguay Round. The much wider and more active participation of the developing countries and countries in transition from central planning to a market economy, which assumed very respectable undertakings in all spheres discussed, was a completely new phenomenon.

Results of Multilateral Talks

The universal nature of the Uruguay Round is evidenced by the expansion of the previous framework of multilaterally regulated spheres of trade by new sectors of international trade—e.g., services, intellectual property rights—and those spheres of trade that for decades have remained outside the GATT system (agriculture, textiles). The uniqueness of the Uruguay Round lies in the fact that all the participating countries had to accept practically all its results in the form of a so-called single undertaking. In this the Uruguay Round differs fundamentally from all previous rounds of multilateral trade talks. The principle of a single undertaking was projected to an obligation on the part of all participants in the talks to contribute with their work to the general liberalization of world trade and concurrently subordinate the development of their trade political systems to the agreed regulations and discipline.

The results of the Uruguay Round can be divided into three basic planes. The first level is the achieved degree of liberalization of world trade resting on the average 40-percent reduction of the import duty on industrial goods, the transfer of all non-tariff obstacles implemented by agricultural products to customs and their subsequent reduction (together with the customs presently in effect) by 36 percent on average. At the same time, the predictability of the trade political systems increases, as most of the participants of the round took on the obligation not to raise import duties without discussion with the partners beforehand (the so-called consolidation). These reductions of customs protection do not, however, affect all industrial and agricultural spheres with the same intensity. In some traditionally sensitive sectors, like textiles and garment or footwear production, for instance, the degree of liberalization is lower than the overall average.

On the other hand, in many other sectors, the Round participants from the most advanced countries agreed on the complete removal of import duties or harmonization of them at a low level. They include construction, agricultural, and medical equipment, steel, beer, paper, toys, furniture, pharmaceuticals, and chemical products. With some other categories of goods, the liberalization undertaking was assumed by only a small number of the most advanced partners; that applies to scientific equipment, for instance, nonferrous metals, wood, electronics, fish products, and other types of goods. The customs reduction will be implemented gradually over a period of four to 10 years (by industrial products) and six years (by agricultural products). Hence, we will enjoy the effect of the liberalization already in the 1990s, and completely in the next century.

A part of the Uruguay Round is the General Agreement on Trade in Services (GATS), which, for the first time in the history of world trade, multilaterally defines the basic rules and responsibilities in the trade in services. In addition to the general principles similar to those applied to trade in goods (most-favored-nation clause, protective measures), the Round participants accepted initial obligations to open their markets and offer national treatment to foreign services and their suppliers. These obligations are included in the so-called national principal, and regulate the imports regime in the individual branches of services.

This section of the outcome of the Uruguay Round is apparently the most important one for the Czech exporters, because it gives them better access to markets. We are a country with important short-term comparative advantages, and that is why precisely the improved access to markets is beneficial to us. This is the basis for the claim that the Czech Republic is one of the countries that are in a position to benefit most from the conclusion of the Uruguay Round.

The second plane concerns the considerable reinforcement of the multilateral framework of the regulations for international trade that was obtained by perfecting the existing GATT text, by a revision and improvement of the existing specific conventions and agreements on antidumping, subsidies, protection, and many other spheres, and, last but not least, by expanding the GATT powers to new spheres of international trade (services, investment, intellectual property protection).

Czech businessmen are also well aware of instances when technical obstacles to trade, sanitary and phytosanitary regulations, customs and other procedures may be abused and lead to protectionist practices and a decline in exports of Czech goods. The objective of the agreed regulations is therefore to prevent a misuse of these measures for other purposes than those generally sanctioned.

The third level has to do with a breakthrough of an institutional character, which should result in the establishment of the third pillar of the Bretton Woods system—in addition to the World Bank and IMF, the World Trade Organization (WTO). That organization will become the universal forum for solving all trade- policy problems, the legal regulation of which is enshrined in the outcome of the Uruguay Round. Thus, the WTO will replace the previous rounds of multilateral trade talks and will render this liberalization process a permanent phenomenon.

An integral part of the new institutional framework, one that will lead to its having greater legal power, will be the so-called integrated system of settling disputes. The integral role of the new system consists of the right of each member of the WTO to indicate any point of contention in the trade-policy practices of its partners that it believes to be in conflict with assumed obligations. The integrated system of settling disputes is a tool that makes it possible to better and more effectively protect the interests and rights of the smaller WTO members in particular.

The Ratification Process Will Not Be Simple

The results of the Uruguay Round are not a panacea, and in themselves will not lead to the settlement of all problems of world trade. Nevertheless, the WTO can be considered a very promising guarantee of an effective removal or at least amelioration of the protectionist pressures and tendencies towards controlled trade and unilateral measures. In many areas, the fundamental objective was reached of launching the integration of certain sectors that have stood outside the GATT multilateral regulation framework so far.

In agriculture and textile trade, the parties to the General Agreement are only at the first stage on the road. The obligation to reduce domestic assistance and exports subsidies, for instance, will not a priori remove all the deformations resulting from the very existence of the subsidy policy, which often demonstrate themselves on world markets. This applies also to textiles, where the full integration and multilateral frameworks can in fact be expected only in 10 years. Hence, the next decade will still be "burdened" by the previous trade regulations.

In many countries, the signatures of ministers on the document in Marrakesh only start the ratification process, at the end of which, most of the participants of the Uruguay Round should become the founding members of the WTO. At this time, it is necessary that the governments of all participating countries submit the agreed results to their appropriate national authorities. It depends on the speed of the ratification procedures how long it will take before the results of the Uruguay Round take effect. The date frequently mentioned in this context is 1 May 1995. Only the Implementation Conference, however, which is to take place at the end of the year, will determine how feasible this date is.

Benefits for the Czech Republic

The successful conclusion to the Uruguay Round must be seen as a mosaic of partial national assessments of this process. It is a demanding task to express the results of the Uruguay Round in numbers, one with set natural limits based on the restricted possibility of extrapolating the hitherto development and predicting the extent of the effect of the unprecedented opening of markets on the economic growth, trade, and employment, and the extent to which it will lead to necessary structural changes in the world economy. These observation apply doubly to the Czech Republic in its dynamic process of changes.

It can be expected that at the turn of the millennium, the improved access for the Czech exporters to foreign markets could lead to an additional growth in the Czech Republic's GDP of 1.5 to 2 percent. This estimate is based on the model prepared by the OECD Secretariat, according to which the net global effect of the Uruguay Round for all its participants should amount to more that $270 billion. The real benefit resulting from improved access to foreign markets could mean, on the basis of the extrapolated contemporaneous data, an increase in Czech exports in 2005 of approximately 1.5 billion korunas (assuming the current exchange rate does not change). This data is based on the expectation by the GATT Secretariat of an approximately 12-percent growth in international trade by the end of the aforementioned year 2005.

The weighted average of the customs burden for the Czech exporters of industrial goods will decline most in exports to New Zealand (by 57 percent), Canada (45 percent), and the United States (37 percent). The decline of the weighted average of the customs burden for the Czech integration partners (EU, EFTA, and CEFTA countries) is only a hypothetical quantity merely indicating the extent of the setback in the preferential margin that the Czechs obtained by the signature and gradual implementation of these agreements. After all, thanks to bilateral arrangements regarding the creation of free trade zones, the Czech reciprocal trade with the EU, EFTA, and other integration partners is, or soon will be, completely liberalized. The improved access to the market comes about also in many developing countries. In the OECD member countries, which are the traditional target of Czech exports, the protection will be reduced most significantly by metals (62 percent), products made of wood and paper (57 percent), machines and equipment (approximately 50 percent), and by chemical products (43 percent). A lower than average reduction of the custom tariffs will be recorded by transport equipment (22 percent), fish and fish products (21 percent), and the least reduction will be introduced to textile, garment products, footwear, and leather (approximately 20 percent).

In its turn, the Czech Republic will reduce its customs on industrial goods by 22 percent. It is necessary to emphasize in this context that the Czech import duty on industrial goods is already among the lowest in GATT, and therefore the Uruguay Round participants accepted a smaller reduction than the rate agreed. The rate of reduction of the Czech customs tariffs moves between 18 and 25 percent for most industrial goods. The Czech Republic also joined the liberalization initiatives in the sphere of chemical products, pharmaceuticals, fish and fish products. It spread the reduction over 10 years in the first two categories, and this also applies to the generally sensitive textile and garment products.

In agriculture, the achieved degree of liberalization will be reflected on Czech relations with all countries not excepting even the preferential partners. Moreover, the Czech negotiators obtained in bilateral talks a number of valuable concessions in such traditional or sensitive export commodities as malt, hops, and cheeses. On the other hand, the Czech Republic submitted a valuable list of concessions in agriculture, which puts it among the countries whose customs and trade-policy regime is considered predictable and transparent. In the process, however, the appropriate customs protection for the most sensitive agricultural products has been established. It can also be considered favorable that the assumed obligations regarding domestic subsidies and exports support do not require in the case of the Czech Republic any reduction of the subsidies provided in the past years. On the contrary, the resulting amounts offer sufficient room for the creation of a realistic agricultural policy.

The Problems of Minimum Work Standards

The work agenda of the new World Trade Organization became a topic of lively discussions already during the Marrakesh talks. The most controversial issue apparently is the revival on the part of the United States and some EU countries of efforts to link the problems of the so-called working standard with the issues of multilateral trade policy. At first sight, the connection seems logical: In countries where it is possible from the political point of view goods can be manufactured and exported at a "disproportionately" low cost—using convict and forced labor, child labor, longer than average hours, violating basic labor safety rules, low wages, or a combination of these. In fact, however, the logic is lacking. The problem of convict, forced, and child labor should be dealt with,

above all, by other institutions (particularly the International Labor Organization) and only in some aspects might the WTO have to accept some steps within the framework of its agenda. We will reject attempts to include these problems in the WTO agenda in all other instances. For several decades now, for instance, experts have many times been trying to define various wage concepts: appropriate, fair, substandard, nonstandard, etc. None of these concepts has been accepted, or can be accepted, because each is open to abuse by an accusation of dumping. Most of these accusations are simply false for they are used against the countries where the cost of wages is lower because of the temporary comparative advantages (one reason is also that the population of these countries does not enjoy the excessively broad social advantages that are enjoyed in the advanced countries). The same argumentation applies to the length of working time, labor safety, etc.

The argumentation is, however, myopic also from the vantage point of the advanced countries. The imposition of minimum working standards on the developing countries will not reduce their comparative advantages (as competitors in the advanced countries hope) because the cost of wages is only a part of the total cost. For the same reason, employment in the importing countries will not increase, as is sometimes argued in the EU countries. Wages in the less advanced countries will remain low as long as these countries are poor, and there is not a supply surplus. The claim is hypocritical that the arguments on minimum working standards also have a humanitarian framework. On the contrary, the poorer and less advanced countries can gradually grow rich only if they gain access to the markets of the advanced countries and are able to export more.

It is apparent that the Czech exporters are potentially threatened by the abuse of the working standards in international trade. We admit that these are very broad and sensitive problems. Nevertheless, the Czech Republic will closely follow the progress of the discussion on these issues. In the creation of rules in new areas, the Czech Republic will take a firm stand against any conceivable abuse of these initiatives that would result in a reinforcement of the protectionist tendencies in international trade and an attempt at a reduction or even a removal of natural comparative advantages of the participants in international trade, including the Czech Republic.

For those active in international trade, the Uruguay Round has opened the gates of the next century. It has revealed, much more clearly than any of the previous ones, the possibilities of how the liberalization of trade in all its forms and spheres can contribute to the growth of the world economy. The generation of stricter and better rules, according to which international trade will develop, can already now be described with certainty as the greatest contribution for the Czech Republic, but also for other lesser Uruguay Round participants with a high degree of involvement in the world economy. Without the appropriate legal framework, even the best concessions in access to the market would soon lose a lot of their attractiveness and corrode under the pressure of often very refined protectionism. Therefore, we consider the improvement of the existing principles and regulations of the General Agreement on Tariffs and Trade, and the emergence of the new World Trade Organization as favorable steps towards increasing the overall predictability of developments in the world economy and, at the same time, a significant guarantee for our own economic growth.

Prague Protests EC Antidumping Procedure

LD2605124694 Prague Radiozurnal Radio Network in Czech 1000 GMT 26 May 94

[Text] The European Commission began another antidumping procedure against importers from the Czech Republic. This time the procedure concerns foundry pig iron.

Relevant bodies of the Czech Foreign Ministry have not yet received any official notification about the procedure. The Czech Republic's permanent mission at the European Union immediately protested against the Commission's one-sided approach, asked for information necessary to discuss specific trade instances, and said that the aim was to find a solution acceptable to both sides.

This is only the third instance of anti-dumping procedure against Czech importers since 1991. However, over the last two-months period this is the second instance following accusations levelled against Czech exporters of cement.

Experts: Former USSR Greatest Security Threat

AU2905193594 Prague MLADA FRONTA DNES in Czech 23 May 94 p 1

["km"-signed report: "Experts See a Greater Risk in the Former USSR Than in Bosnia"]

[Text] If there is any external threat to the Czech Republic, then it is, above all, the developments in the former Soviet Union. The International Relations Institute experts, who prepared the documentation for the government concept of security policy, believe that even the present conflict in former Yugoslavia is less dangerous for the Czech Republic than the ethnic, political, and economic conflicts in the post-Soviet countries.

According to the document, which the government experts used when drafting the security concept, the most perilous disputes in Europe are the Polish-Russian, possibly Polish-Ukrainian, Polish- Lithuanian, and Russian-Baltic conflicts.

In the context of the war in former Yugoslavia, the Czech experts point out particularly the possibility of the penetration of militant Islamic fundamentalism into Europe. Another security hazard in Central Europe could be the nationalist attempts at revision of the

borders and the so-called disputable territory—Greater Germany, Greater Hungary.

First East-West Military Exercise Begins

LD2905151494 Prague Radiozurnal Radio Network in Czech 1300 GMT 29 May 94

[Text] An aircraft carrying 90 members of the 92d infantry regiment of the French Army from Clermont-Ferrand landed at the Kladne airport near Ceske Budejovice this afternoon. Another 40 French soldiers arrived at Boletice military training ground in Cesky Krumlov district shortly after midnight. Until 10 June they will be training in Boletice together with 120 members of the second company of the 23d Mechanized Battalion of the Czech Army, which is based in Strasice in Rokycany district.

This is the Czech Army's first major contact with the West within the context of the Partnership for Peace initiative, during the course of which soldiers of a NATO member country will be for the first time training with their own weapons on the Czech Republic's territory.

Baudys Interviewed on NATO, Army Changes

AU2905172194 Prague RUDE PRAVO in Czech 21 May 94 pp 1, 3

[Interview with Defense Minister Antonin Baudys by Jiri Kouda; place and date not given: "If You Are Traveling, You Must Pay the Toll"]

[Excerpts] [Kouda] The prime minister signed the Partnership for Peace recently. In your opinion, this is merely the way to full membership in NATO. Is that opinion shared by all the coalition partners?

[Baudys] I admit that I have not encountered any other opinion among the other partners.

[Kouda] Does that not mean, however, taking responsibility—to a certain extent—for NATO even in possible situations when it is not in the Czech Republic's interest?

[Baudys] When you enter into a marriage with someone, you must know with whom you are entering into it, that is, whether this is a reliable person. Understandably, it does not only mean a number of advantages, but also a number of responsibilities and sui generis certain restrictions. It is impossible to be a fare-dodger on a train. Simply, if you are traveling, you must pay the toll.

[Kouda] Many opposition politicians are cautious about joining NATO, many are opposed to it. In this context, they often emphasize the role of the CSCE. Moreover, there is also Russia here with its negative position toward NATO expansion so that a new cordon sanitaire is not created around that power.

[Baudys] It is necessary to realize that the CSCE is a forum for negotiation. It is not an executive body that has executive powers and repressive elements. It is completely different from NATO or the Western European Union. Every responsible politician, and especially the defense or foreign minister, must do all he can to ensure that this country functions. We know that situations may arise that could exceed this country's defense capability. It is necessary to look for bodies of collective security. History leads to a certain general integration—communication and technological—and NATO is also one of the levels of integration.

[Kouda] And what is your view of a power like Russia?

[Baudys] Of course, Russia is not only a power, it is a superpower. That is one thing. The other is that each state must seek its own identity, a place where it belongs. This government team, which won the most support in the elections, has come up with a program according to which the Czech Republic is part of European and Western European civilization. It belongs to and acknowledges the values of the European Union; it acknowledges the values that NATO defends. As far as Russia is concerned, it is up to it alone where it stands and what it avows.

[Kouda] Would it not be appropriate, however, to confirm this orientation in a referendum? That is, by asking whether citizens want the Czech Republic to join NATO?

[Baudys] Several principles are being mixed up here. A referendum is normal in democracies of the kind found in Switzerland, where they are conducted even on a local level about something important. A referendum is a different way of pursuing democracy than is normal in our country. There is a historically well-established method here—electing political parties. Each party produces a specific program and we as coalition parties have never made a secret of our attitude toward NATO. The voters accepted this, these parties were elected by the majority, this is part of the government's program, and parliament has approved this program. I see no reason to hold a referendum on this. I would ask, if not NATO or the Western European Union, then what? No opposition politician has been able to answer this question yet. No one has been able to propose an alternative that would make any sense. [passage omitted]

[Kouda] According to General Nekvasil, there should be 33,000 professional soldiers in the Army. This number has now declined, however, and this situation is being reflected mainly among the posts of squad, platoon, and company commanders. How do you intend to deal with it?

[Baudys] The Army's transformation is oriented toward ensuring that it is compatible with other armies from advanced democratic states, mostly NATO members, by means of its ability, structure, and organization. Reducing the size of the Army is one thing, transferring from a division to a brigade system is another, and the method of command and management is something else again. Other things include the personnel issue, the education and training system in the Army, the whole

principle of budgeting and planning, democratic management, and creating a comprehensive new and functioning logistical system. These are processes that were started in the middle of last year, processes that take place at a specific time and according to a timetable. In reply to your question: By significantly reducing the number of most senior officers and transferring them to command the lower-level units—squads, companies, and so on.

[Kouda] Do you think that the officers will transfer to these posts?

[Baudys] The process will take some time. Of course, it will be difficult for a 50-year-old officer to command a platoon or a company. That is not the purpose. It will lead to natural waste in the Army; people will retire. A number of people no longer want to be in the Army, mainly for financial reasons. Dozens, however, are returning to it again. Filling the lower-level posts could not be done last year, for it was not clear which units would be abolished, whether people would get an apartment, and so on. Consequently, we could not offer them any prospects. Now this is under way, we have a concept, and only now are we recruiting for the Army.

[Kouda] The across-the-board screenings have, obviously, not fulfilled their purpose.

[Baudys] That was not understood properly. It was constantly pressed upon me that the screenings mean a sweeping purge. We needed to map out the situation, that is, who is who and take action against the most flagrant cases. I had anticipated that we would be able to take action against more of these cases; we simply did not succeed 100 percent, but fundamental changes are in progress. [passage omitted]

[Kouda] You have admitted that smallpox cultures were stored in the military hospital in Stresovice. How and when were the cultures destroyed and who bears, or will bear, the responsibility for storing them?

[Baudys] Those are problems that have been foisted upon us. So far, no investigation has shown that the Czech Army preserved anything that would be at variance with the law or at variance with international conventions. I had the viral cultures destroyed because it was apparent from the conclusion reached by the interdepartmental commission that there was no need to continue to store them. That entire issue has been unbelievably blown up and overdramatized.

[Kouda] As defense minister, you made the decision to destroy the smallpox virus. So, the Czech Army had preserved it for a certain period.

[Baudys] That was not at variance with any international convention, however. If I had not given the order for its destruction, nothing would have happened. It is also necessary to say that the issue here involves the variola minor and variola major forms of smallpox. The variola major was destroyed in 1975. What the Czech Army had was variola minor, which is less dangerous than variola major. A number of very dangerous viruses—which you can purchase for a few dollars in any laboratory, however—were preserved. The issue was blown out of proportion.

Requests More Screening

AU3005204094 Prague RUDE PRAVO in Czech 27 May 94 pp 1, 2

["(kp)"-signed report: "Baudys Ordered the Screening of Soldiers With Slovak Relatives"]

[Text] Prague—Defense Minister Antonin Baudys (Christian Democratic Union-Czechoslovak People's Party) wanted to verify the reliability of the people working in the Defense Ministry and the Czech Army who have family or other ties with foreign nationals, including Slovaks, according to RUDE PRAVO's information. On 10 November 1993, Baudys set the chief of the General Staff the task of guaranteeing the protection of official secrets within the Defense Ministry with reference to foreign nationals or foreign organizations operating in the Defense Ministry and the Czech Army. The order states literally: "It is necessary to assess the suitability of engaging in their current positions those persons employed or serving in the Defense Ministry who are acquainted with official secrets and who have family or other active ties with foreign nationals, including the Slovak Republic." In particular, the aforementioned suitability should have been assessed with regard to complying with the purpose of the stipulations contained in the Law on Protecting State Secrets and with the government's regulations on protecting economic and official secrets. The completion date was 31 December 1993. Apart from this, Baudys also set the following task: "In the interest of protecting the Defense Ministry's activity, it is necessary to notify Military Defense Intelligence of persons whose spouse is a foreign national or has permanent residence outside the Czech Republic or who has active ties with foreign nationals."

Five days later—that is, on 15 November 1993—the defense minister issued new instructions in connection with this order, instructions that contain far more general and moderate formulations, but do not contain the two aforementioned passages.

Privatization Ministry Mistakes Highlighted

AU3005210694 Prague MLADA FRONTA DNES in Czech 19 May 94 p 2

[Report by Jiri Kubik: "The Privatization Ministry Has Paid Out Millions Wrongly"]

[Text] Prague—According to Supreme Inspection Office [NKU] findings, the Ministry for the Administration and Privatization of National Property used money from the state budget and the state funds improvidently—amounting to 71.7 million korunas [Kc]. For example, according to the Inspection Office, it paid its U.S.

advisers in a manner at variance with its regulations and, despite its directives, it paid bonuses to its staff. Embezzlement is not involved, however.

Zdenek Smelik, a member of the inspection unit that supervised the inspection at the Ministry, described these shortcomings as a failure to comply fully with the regulations and administrative obligations. On the other hand, Lubomir Netolicky, the head of the Ministry's Office, said that he considers the proceedings instituted by the NKU to be the mechanical application of generally binding legal regulations and the one-sided interpretation of the stipulations of certain laws.

The NKU report described as the biggest mistake the fact that the Ministry used more than Kc0.5 million from the National Property Fund. The fund's Presidium had transferred the money to the Privatization Ministry in the years 1991-93, despite the fact that the law does not permit such transactions.

According to the Inspection Office, the Ministry paid its 80 staff a total of Kc700,000 in the form of personal bonuses from the funds that the government had allocated to Skalicky's ministry. "A personal bonus should be paid from this money to the 16 members of staff who are entrusted with the most demanding tasks, who compile and evaluate the materials, and who achieve excellent results," said Smelik. By using the money for a different purpose, the Ministry has violated the decree on managing resources from the state budget. Netolicky said, however, that the details about assigning the money for 16 members of staff had been laid down only tentatively.

Hradska Appointed New Arms Consortium Director

AU3105122694 Prague MLADA FRONTA DNES in Czech 28 May 94 p 2

["(km)"-signed report: "Viktorie Hradska Will Head the Arms Consortium as of June"]

[Text] Prague—Viktorie Hradska, the former diplomat and leader of the defunct Liberal Democratic Party, will become the new director of the RDP Group arms consortium as of 1 June. She will take over the most senior post in this consortium, which affiliates more than 40 companies, from current Director Jan Vlcek.

The change in the company's management came about after Vlcek was criticized for the difficulties in communicating with the Defense Ministry, without which the RDP Group's arms plans will not succeed.

"I am resigning so that cooperation with the Army can be improved," admitted Vlcek. At the same time, however, he added that he will carry on as a member of the RDP Group shareholding company's board.

In 1992, Hradska was deputy chairwoman of the government's Committee for International Relations. She led the Liberal Democratic Party until March 1992. She then transferred with her wing of the party to the Civic Democratic Alliance. She was also recently a serious candidate for the post of ambassador to Hungary. According to representatives from the RDP Group, her qualification for the post of director is her ability to conduct negotiations.

SDL Leaders Interviewed on U.S. Trip

AU2805201094 Bratislava PRAVDA in Slovak 23 May 94 pp 1, 3

[Interview with Peter Weiss, chairman of the Party of the Democratic Left, SDL, and SDL Deputy Chairman Milan Ftacnik by Martin Krno; place and date not given: "Opening for the Heart of Europe"]

[Excerpt] Immediately after the return of the two-member Party of the Democratic Left [SDL] delegation from the United States, we asked SDL chairman Peter Weiss and SDL deputy chairman Milan Ftacnik to share with us their immediate impressions from their almost week- long talks with representatives of political and economic circles in Washington.

[Weiss] Our meetings with high-level U.S. politicians, who included George Mitchell, leader of the Democratic majority in the Senate, and Strobe Talbott, deputy secretary of state, were an opportunity to present the policy of the present Slovak Government, in which the SDL is the biggest coalition partner. The talks demonstrated growing interest in Slovakia, also on the part of foreign investors, following the change of government in our country. It has been confirmed once again that the SDL is an internationally recognized political party. U.S. politicians realize that Slovakia's further political future depends, to a decisive degree, on the SDL as the second strongest political force in the Slovak Republic and on the result that the left-wing coalition will achieve in the forthcoming elections.

[Krno] When the then prime minister returned from Washington last year, he declared in public several times that he could not enter into a coalition with Weiss' party because that would halt the influx of U.S. capital to Slovakia. Has the Americans' attitude toward the SDL changed?

[Weiss] If I wanted to be malicious, I would say something similar about the previous government. But I would rather stick to the facts. Deputy Prime Minister Brigita Schmognerova's talks in the United States, with the IMF and the World Bank, clearly earned her the image of a competent economist who represents a certain personal guarantee of economic transformation in our country. U.S. politicians accept her view, which she expressed also at the meeting of an IMF commission, that transformation must be carried out in a way that is socially sustainable. Our discussions included, for example, talks with representatives of the Chemical Bank, the third largest U.S. bank, who are seriously interested in becoming involved in Slovakia.

[Ftacnik] The visit confirmed that the doors for the SDL in U.S. political and business circles are open. The former prime minister's fabrications of one year ago are turning out to have been false.

[Krno] Does the United States not fear that there might be a setback in our political development after the early elections to the National Council of the Slovak Republic?

[Weiss] It transpired from our talks that, after the new government assumed office, Slovakia has really joined the category of interesting countries. There can be no talk of our isolation. The views of U.S. politicians could be summed up in the statement of one of our interlocutors: "We realize that Slovakia is the heart of Europe. If it became sick, the serious question would arise what will become of the whole of Europe."

[Krno] How did you interpret during your talks the term socially sustainable reform? Where is the limit that the United States is ready to accept without accusing the government coalition of populism?

[Weiss] U.S. politicians regard as such a limit the endangerment of social peace and the creation of an explosive situation. No one in the United States wishes to see that because it is also in their vital interest that Central Europe be a stable region. They realize the complexity of transformation but they also realize that, if it is not carried out in a socially tolerable way, conditions will arise for the emergence of authoritarian, populist, and nationalist regimes. That is what they fear most of all.

[Ftacnik] The credibility of Slovakia in international business and financial circles has increased and there is hope and a chance that, when we lead our budget and economic policy in a reasonable direction and conduct it in a justifiable way, we may in a relatively short time obtain major foreign credits. This would help us tackle the debt inherited from the previous government, especially in the spheres of education, health services, and some other branches. [passage omitted]

Integration, NATO Membership Policy Goals

LD2905181894 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1500 GMT 29 May 94

[Text] Integration into West European and trans-Atlantic structures, and the creation of conditions for full membership of Slovakia in NATO are the fundamental goals of our foreign policy, as formulated in the presentation document submitted by the Slovak delegation at the NATO headquarters in Brussels on 25 May. As Slovak Defense Minister Pavol Kanis said in today's edition of the television discussion program "Kroky," we have thus become one of 16 countries to have signed the Partnership for Peace initiative.

In connection with bringing Slovakia into the security structures of Western Europe, Pavol Kanis stressed the inevitability of a reorganization of our Armed Forces.

Josef Prokes, the honorary chairman of the Slovak National Party, who is foreign minister in Meciar's shadow cabinet, pointed out that the European stability pact in itself was not dangerous but could be abused.

Western Europe, according to him, has not solved the problem of minorities and yet expected East European countries to do so.

Foreign Minister Edvard Kukan observed that minority problems could be solved on an international level by means of the CSCE and on the Council of Europe level.

Officials Dispute Report on Banking Problems

AU3105084594 Bratislava SLOVENSKY DENNIK in Slovak 27 May 94 p 1

[TA SR report: "U. Hewer: Two Largest Slovak Banks and Two Smaller Banks Are Having Problems"]

[Text] Bratislava— The two largest Slovak banks and two smaller institutions are having problems as a result of irrecoverable loans and lack of experience. Ulrich Hewer, representative of the World Bank in Slovakia, told the REUTER agency that the problems affect Slovenska Statna Sporitelna [Slovak State Savings Bank] (SSSP), Vseobecna Uverova Banka [General Credit Bank] (VUB), Investicna a Rozvojova Banka [Investment and Development Bank] (IRB), and Konsolidacna Banka [Consolidation Bank] (KB). The SSSP with a capital of 2.1 billion Slovak korunas [Sk] tops the ranking of 16 Slovak banks, the VUB with a capital of Sk2 billion is in second place and the largest creditor. The IRB is in fourth place and the KB in 11th place in terms of the size of their capital.

"We think that the SSSP is having problems. Over the last two years it extended a large number of unreasonable loans. We have discussed the issue with the Slovak National Bank (NBS) and agreed that a solution will have to be found." The World Bank expects the SSSP and the other banks to be placed under control before it helps the Slovak Republic restructure the banking system. "We are waiting for the results of an audit, which should be available by the end of this month. A mission of inquiry will come to Slovakia in mid-June 1994 and these talks will hopefully lead to a solution."

NBS representatives were not able to specify the size of the four banks' irrecoverable loans. They noted that in Slovakia no rules exist for rating risks. "We are in the initial stage of collecting information and the relevant documents." The "Memorandum" that the Slovak Government had prepared for the World Bank last fall noted that the SSSP did not have experience in lending money, even though it holds 90 percent of Slovak private deposits. "We are afraid lest its efforts to become a universal bank jeopardize its deposits."

"I fundamentally disagree with Ulrich Hewer's view," says KB Director General Jan Pichonsky. He assumes that Ulrich Hewer may have arrived at his conclusion on the basis of an audit for 1993 that was carried out in the KB by the Deloitte & Touche company. Last week it submitted to the KB the final report, in which it recommends to the management that the bank increase the reserves prescribed by law to almost 10 times their present level. Jan Pichonsky considers the recommendation incorrect because "it does not correspond to the state of the Slovak legal system and to the reality."

"The IRB denies Ulrich Hewer's assertion," says Vladimir Kovacik, IRB director general and member of the IRB Board of Directors. The IRB's positive situation is also documented by the 1993 auditors' report from the renowned British firm Ernst & Young.

"We received the REUTER report at the time of the annual meeting of VUB shareholders, which approved the economic results for last year and a proposal for the division of profits. This proposal provides for the payment of dividends to shareholders at the amount of 10 percent of the shares' nominal value, that is, Sk100 per share. We were surprised by the formulations used by Ulrich Hewer from the World Bank and Peter Bajcik, the author of the REUTER report. We do not know the two gentlemen, who have neither visited the VUB nor have received any documentation from us," states a statement issued by VUB President Jozef Mudrik. "Our bank, as one of the successors to the Czechoslovak State Bank, has taken over some credits that had been extended under the command system of national economic management and the returnability of which is endangered. Over the past four years the VUB has increased the credit volume by only approximately 4 percent, which demonstrates that it has been extending new loans on a very limited scale. Therefore, it could not be extending any new bad loans," Jozef Mudrik states. "Because of our awareness of the problem of the quality of banks' credit portfolio, we were one of the first banks in the then CSFR to have its economic results and the quality of its credit portfolio verified by the international firm of auditors Coopers & Lybrant as early as 1991. We publish the results of these audits annually and send them to all our partner banks abroad. On the basis of these audits, the bank has been accepted by many foreign insurance companies and, on this basis, also by foreign partner banks, with which it is engaged in mutually beneficial partner relations," the VUB president's statement says in conclusion.

[Bratislava NARODNA OBRODA in Slovak on 27 May on pages 1 and 2 carries a 700-word TA SR report on the REUTER report, and the Slovak banks' reactions to it, which includes the following additional passage on the NBS's reaction: "The NBS draws the attention of the population to the fact that deposits in the largest Slovak banks are guaranteed by the Slovak Republic and various conjectures about their safety are groundless.

["Bad loans occur in every economy and are no exceptional phenomenon. Only the extent of these loans can be exceptional. The situation in Slovak commercial banks is no worse than in other transforming economies, in which loans had been allocated in the past on the basis of administrative decisions. The NBS, in cooperation with state bodies, is aware of this problem and is ready to deal with it, after the appropriate analyses are carried out. On no account will the solution affect depositors.

["The NBS does not identify with the contents of the interview with a World Bank representative published by REUTER on 25 May and considers its overall tenor distorted. The NBS secures, in accordance with the law, the stability of the banking system, as is normal in all countries, and, in this process, it also holds talks with the World Bank and the IMF. The two institutions have not officially confirmed such an extent of the problem of bad assets as indicated by the REUTER interview. The NBS will consult on its contents with World Bank representatives in Washington."]

Agreement With Russian Interior Ministry Signed

LD2905204594 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1630 GMT 29 May 94

[Excerpts] A cooperation agreement between the Interior Ministries of the Russian Federation and the Slovak Republic was signed in Moscow today by Ministers Viktor Yerin and Ladislav Pittner. [passage omitted]

Our correspondent Jan Smihula interviewed Ladislav Pittner shortly before the minister's departure from the Russian capital. [passage omitted]

[Begin recording] [Smihula] Mr. Minister, your talks with your Russian counterpart lasted 30 minutes longer than originally planned. Does this mean that some disagreements, problems have emerged? How do you assess today's talks?

[Pittner] Our talks lasted longer not because of disagreements, but because of discussing further spheres of cooperation on which agreements are being drafted by our experts for signing. Above all, this concerns the issue of police attaches who are to work in our two countries. A Russian police attache based in Bratislava will probably be accredited to also work in other countries of Central and Eastern Europe. Regarding our police attache, I was promised that he will be given opportunities to widen his activities to reach other former Soviet republics.

The other issue concerned archives and we received full support from the minister for gaining access to the archives to see, for instance, files on people taken against their will to Russia. [passage omitted]

We were also promised help in searching for one part of the President Jozef Tiso [World War II pro-Nazi leader] archive. [passage omitted]

Ethnic Hungarian Groups Want Closer Union

LD2905123094 Budapest Kossuth Radio Network in Hungarian 1000 GMT 29 May 94

[Text] The political movements of the Hungarian community in Slovakia, after many earlier conflicts and disputes, are, according to the signs, striving for more intensive cooperation. Ildiko Nagy reports from Bratislava.

[Nagy] At its session yesterday, the National Council of Coexistence authorized the movement's executive body to begin discussions, with the involvement of the Hungarian Christian Democratic Movement [MKDH] and the Hungarian Civic Party [MOS], about setting up a close triple coalition.

Although the delegates took tacit cognizance of the fact that discussions are to be pursued with the MKDH, the current coalition partner, they are of the view that the close unity of Slovakia's Hungarian community will in future be rendered possible by their union. However, on account of the criticisms connected with it, they are presuming that it cannot be developed at the moment, and that is why discussions have to be started about the establishment of a triple coalition.

According to Coexistence, the two partners—that is the MKDH and the MOS—must undertake a commitment to form a joint deputies' group in parliament, to put forward a joint candidate for the local government elections in October, to create a joint local-government and foreign affairs council, and in the future to take a united stand on forums abroad.

MSZP's Horn Outlines Ideas on Government

AU2805162194 Budapest NEPSZABADSAG in Hungarian 27 May 94 pp 1, 6

[Interview with Hungarian Socialist Party Chairman Gyula Horn by Tibor J. Keri; place and date not given: "We Do Not Need Redeemers"]

[Text] [Keri] What do you expect from your party's extraordinary congress on 4 June? Apart from you, does anyone else have a chance to be nominated as candidate for the position of prime minister?

[Horn] The congress must decide about the possible coalition partners of the Hungarian Socialist Party [MSZP] and also about the person who will be the party's candidate for the position of prime minister. Naturally, if the congress asks me to play this role, I will accept it. As for other possible candidates, I do not know of anyone, I do not have information about this; we will see how things develop.

[Keri] In your view, how long will the coalition talks last and when can a new government be formed?

[Horn] It is difficult to predict this, but I think that the coalition talks can end within one or a maximum of one-and-a-half months, and a new government can be formed by mid-July at the latest.

[Keri] Do you think it is wrong that the names of certain figures were made public prematurely as members of the new government?

[Horn] No. I think that we need a government of experts and I would welcome both Ferenc Glatz and Kalman Kulcsar in the next government. Of course, this does not yet mean any commitment but the aforementioned people are not MSZP members; on the other hand, they are experts of European reknown in their fields. I think that such viewpoints will also emerge at the coalition talks.

[Keri] Have you already asked the aforementioned persons whether they would accept a ministerial position?

[Horn] We have not held any committing talks but, naturally, I asked them whether they would accept such a role in the next government. After all, this still depends on many things....

[Keri] What if the Alliance of Free Democrats [SZDSZ] agrees after all to form a coalition with the MSZP but they do not accept you as prime minister?

[Horn] I do not think that the SZDSZ will come up with such a condition; the SZDSZ is much cleverer than that. Not to mention the fact that, today, most people in the SZDSZ leadership regard Balint Magyar's declarations as hasty. If they come up with any similar condition, this might hinder or even foil the formation of a coalition. I must add that the issue is not primarily about myself. It is rather about the fact that coalition talks that start with preconditions do not augur well.

[Keri] How much chance do you give to an MSZP-SZDSZ coalition?

[Horn] I see very big chances for this. Of course, there is no 100-percent guarantee for anything, but it seems that both parties have a strong willingness for coalition cooperation.

[Keri] Do you completely exclude the possibility of a coalition with the Christian Democratic People's Party [KDNP]?

[Horn] At the end of February, we said that we do not exclude the possiblity of a coalition with a KDNP free of extremism, because we judge quite a few things similarly. However, the campaign experience shows that the KDNP did not quite succeed in changing its style. They used a rather extremist tone, and this did not prove to be profitable for them.

[Keri] The new government is also facing tough and unpopular decisions. Do you think that you will lose the support of our society in a short time and the events of 1990 will repeat themselves, namely you will lose the local government elections?

[Horn] I do not fear that, because the new government will represent a totally different style than the current one. By this I mean that the new government will conduct an open policy and will not sign any secret agreement. We will sincerely present Hungary's real situation to the public, the "heritage" we received, and the very difficult tasks awaiting solution, tasks the new government will have to confront. On the other hand, the government will continue the social dialogue successfully used by the MSZP in the past four years. Contrary to the current government, we do not want to have confrontations with various strata of our society; instead, we will endeavor to come to an agreement with them. This could be one of the guarantees for a long-term activity of the new government. The other guarantee is that every government decision should be based on the view that the government is acting in the interest of a large majority of our society. Of course, all this cannot bring a spectacular improvement overnight. Most probably a considerable amount of time must pass for the people also to feel the changes in their everyday life. I can confidently say that, no matter how bad our situation is, it is not hopeless. We can stabilize the situation while definitely improving the situation of those mostly in need. However, we can only achieve considerable improvement in one or two years.

[Keri] According to [departing prime minister] Peter Boross, it is useless to prepare any inventory, because you are quite aware of Hungary's situation.

[Horn] I highly respect Mr. Boross for really doing everything in his power for the benefit of smooth elections, and I hope the same will apply to the second round. But Mr. Boross promised to present Hungary's real situation to the public. I do not see that the government did this. The government still has to prepare the

bill and show the commitments it accepted and the commitments it will leave for its successor. Mr. Boross is giving evasive answers. I would really like him to think things over: He would also benefit from adequate relations between the government and the opposition in the next parliament.

[Keri] Mr. Boross also said that he would like to hold a detailed conversation with his successor on what mistakes the new government should avoid and what values it should preserve. If you become the prime minister, what will you expect from this conversation?

[Horn] I am open to any dialogue. Obviously, a departing prime minister can give very serious and wise advice to the new government. It is another matter to what extent the new prime minister can use this advice, because it is possible that things that Peter Boross finds very useful are regarded as nonessential things by us. Not accidentally, we would like to have a different policy and style from the one carried out by the current government. However, we would welcome a regular dialogue between Peter Boross and the other future opposition leaders and the future government parties.

[Keri] What attitude would you regard as desirable in the new parliament?

[Horn] I find it extremely important to ask the opinion of the opposition when preparing the laws, as well as the efforts for coming to an agreement. Even if the MSZP and the SZDSZ got a two-thirds majority in parliament, we would still endeavor to hold coordinating talks with the opposition by considering Hungary's interests. For example, clarifying the authority and jurisdiction of the president of the republic could be such an issue. I must point out that this would not mean any limitation. Something else: The opposition is also interested in legislating a good media law as soon as possible. I very much hope that, in line with their promises, they will play a really constructive opposition role.

[Keri] What is your opinion about the claim that an MSZP-SZDSZ two-thirds majority would carry the danger of a parliamentary dictatorship?

[Horn] A dictatorship would emerge if laws threatening democracy were legislated. I do not think, and I even find it an irresponsible and empty talk, that anyone presumes that the MSZP or the SZDSZ has such intentions. It is useless to threaten people with such things.

[Keri] In connection with this, what is your opinion about Matyas Szuros' recent declaration that Hungary would also benefit if the MSZP did not win too much?

[Horn] I find this ridiculous, because I cannot explain the meaning of "winning too much" [tulnyer]. What should one understand by this? If the MSZP achieved results close to an absolute majority, it could assert its views more successfully than with smaller results. Therefore, I would very much like Matyas Szuros to stop making such declarations.

[Keri] In connection with Miklos Nemeth, you said that people who struggled for the election results do not like it if someone joins the finished house....

[Horn] I am glad you asked this question because the answer appears in print and this can be interpreted much more exactly than the spoken statement. By ready-made situation I meant that the MSZP achieved a considerable election result without Miklos Nemeth. The ready-made situation does not mean that Hungary is in some kind of a rosy state. Regarding Miklos Nemeth, in January we offered him the possibility to return to Hungarian political life. He was unable to accept this, but we did not rebuke him for this; we understood him. When it became clear that there is a debate regarding the person to be nominated as our candidate for the position of prime minister, one could hear voices saying that Miklos Nemeth will come and this will solve all the dilemmas. He will not be able to solve this because there are no redeemers. Hungary needs very tough and hard working people, rather than redeemers. One who has not lived through the struggles of past years is not really aware of Hungary's real situation, because this could not be sensed clearly either in London or Paris. I stress, however, that we would very much welcome Miklos Nemeth's future return to Hungarian political life because we are talking here about a valuable person. But this is not an issue for us today.

[Keri] Do you find it necessary to change the current government structure?

[Horn] By all means, but I would caution the new government not to start some kind of a radical reorganization. In my view, we definitely need an efficient economic cabinet and its head should have full authority. It was an impossible situation that four finance ministers replaced each other in the past four years and that economic ministers were constantly forced to confront each other and often forced to play against each other. Such a situation only harms the country. In addition, I am against any kind of amalgamation. I find it more important to eliminate quite a few offices. Compensations should end next year, and so should the Compensation Office. The National Information Office is absolutely useless and I do not know whether it is necessary to have an office for ethnic Hungarians living beyond our borders (although I can be convinced with proper arguments) because, in my opinion, the Foreign Ministry can carry out these tasks. In my view, managing the privatization affairs should be settled and the National Property Agency [AVU] and the State Trust Fund Ltd [AV Rt] should be amalgamated. In other words, we need a streamlined state administration by all means.

[Keri] Can you envisage the restoration of the position of deputy prime minister?

[Horn] I do not see much sense in this, although I am open to any argument. However, I do not find it a positive thing when a new government reorganizes everything.

[Keri] What is your opinion about Peter Boross' declaration that, according to Western European practice, the largest opposition party should fill the position of parliament chairman? An example of this was in 1990 when Arpad Goncz became chairman of the parliament and then president of the Republic.

[Horn] This is a very nice statement; interestingly enough, it is formulated when the Hungarian Democratic Forum [MDF] is forced into the opposition. Arpad Goncz was chairman of the parliament for a very short time, until he was elected president of the Republic, and this was part of the MDF-SZDSZ pact. I do not find it necessary at all that the opposition should provide the chairman of the National Assembly. In my opinion, one of the parties that received the largest support should provide the chairman of the National Assembly. As for Peter Boross' statement, there are indeed countries where the representative of the opposition fills the position of parliament chairman. However, in neighboring Austria, for example, the deputy chairman of the ruling Social Democratic Party fills the position of parliament chairman. So, one does not have to go too far to refute this statement about the "Western European" practice.

Views Minorities in Neighboring States

LD2905182094 Bratislava STV 1 Television Network in Slovak 1730 GMT 29 May 94

[Text] Gyula Horn, leader of the Hungarian Socialist Party, who is the most likely candidate for the post of future Hungarian prime minister, said that the next Budapest government will advocate cultural autonomy for national minorities in neighboring states. In cases where a Hungarian minority is in effect a majority, the Hungarian Socialist chairman proposes administrative autonomy. This does not mean, however, we will be seeking to entice Hungarian minorities in neighboring states to strive for territorial autonomy or even separation, Horn added.

Party Leaders React to MSZP Election Victory

'Broadest Possible Coalition' Sought

LD2905185994 Budapest MTV Television Network in Hungarian 1832 GMT 29 May 94

[Report by Gyori Szabo from Hungarian Socialist Party headquarters]

[Excerpts] We are in the middle of an international news conference held by the deputy chairmen of the Hungarian Socialist Party [MSZP]. [passage omitted]

Gyorgy Janosi has said that the possibility exists for the MSZP to be the leading force in a would-be coalition government. Several journalists asked about the coalition issue and Gyorgy Janosi is replying just now. He says that they are thinking in terms of the broadest possible coalition. [passage omitted] Imre Szekeres, the other deputy chairman of the MSZP, said that the Hungarian people's participation in the election means that they want to make this democracy, in which we live, work.

SZDSZ Chairman on MSZP Win

LD2905200294 Budapest MTV Television Network in Hungarian 1855 GMT 29 May 94

[Interview with Ivan Petoe, chairman of the Alliance of Free Democrats, SZDSZ, by Eva Hortobagyi at SZDSZ headquarters in Budapest on 29 May—recorded]

[Excerpts] [Hortobagyi] Here is Ivan Petoe, chairman of the SZDSZ [Alliance of Free Democrats], whom I have managed to hijack for a few words before the session of the executive body of party. [passage omitted] According to forecasts your party has 23 mandates in the individual constituencies. [passage omitted] What are your first impressions? [passage omitted]

[Petoe] We had two aims. [passage omitted] One of these was to repeat our 1990 result, in that we should come a strong second. [passage omitted] Our second aim was—we formulated this between the two rounds of the election—to prevent if possible the MSZP [Hungarian Socialist Party] from gaining an absolute majority because we thought that it would be more advantageous if better conditions for a coalition government developed. It seems that the electorate did not adopt this advice of ours. It appears that the MSZP's absolute majority is certain—about 55 percent, if I understand the forecast correctly. The electorate decided in favor of a one-party government.

This does not mean, naturally, that we will not negotiate with the MSZP. Our convention [kueldoett gyueles] will have the final word. [passage omitted] The convention will decide on the coalition question. We have already indicated between the two rounds of the election that the coalition conditions will be very different if the MSZP were to have an absolute majority from conditions if it were not to. [passage omitted]

[Hortobagyi] Is there any big winner or big loser in the SZDSZ?

[Petoe] [passage omitted] I do not think there was a big loser in the SZDSZ, taking everything as a whole, because the SZDSZ has delivered a good result as a team. We are satisfied with our achievement. [passage omitted]

According to forecasts, Gabor Fodor and Gabor Kuncze will win in their constituencies. My position appears to be the reverse. I am a loser, shall we say. If you like, I am a big loser. [passage omitted]

MSZP Official on Possible Coalitions

LD2905203994 Budapest Duna TV in Hungarian 1930 GMT 29 May 94

[Interview with Imre Szekeres, executive deputy chairman of the Hungarian Socialist Party, by unidentified reporter in Budapest—live]

[Excerpts] [Reporter] [passage omitted] What is your reaction to the election results so far?

[Szekeres] Naturally, we are pleased that our deputies were so successful, for this expresses the trust of the voters and shows that they support not only the general policies of our party but also our candidates.

[Reporter] The result expected by the Alliance of Free Democrats [SZDSZ]—that they would gain enough votes to counterbalance the Hungarian Socialist Party [MSZP]—did not come about.

[Szekeres] Yes, but I do not think this is an important issue now. Our stance is very clear: We said between the two rounds—and we are saying it now—that in Hungary a broad-based coalition government is needed and this does not depend on the percentage of votes obtained by any one party. There is an historic opportunity here for the country. [passage omitted]

[Reporter] When will the coalition talks begin?

[Szekeres] [passage omitted] Next week a preliminary decisionmaking process will start within the MSZP in light of the election results, which will end at the party's congress on Saturday. We will decide two things: One, we will have to name the parties which we envisage as participants in the coalition talks. Two, we have to name our prime ministerial candidate.

After this, the coalition talks between the parties can begin. Our goal is that the country should have a government as soon as possible; by the beginning of July the new government should be composed and voted in by parliament.

[Reporter] Would you specifically name some parties which could be counted as coalition partners?

[Szekeres] [passage omitted] I think the SZDSZ and the Federation of Young Democrats are the two political parties whose programs are compatible with ours. [passage omitted]

[Reporter] Does the MSZP maintain that the winning party should name the prime minister?

[Szekeres] I think that logically this is what the situation dictates, and we will name our candidate at the coalition talks. However, the government's program has to be settled first at the talks. [passage omitted]

Goncz on Convening National Assembly

LD2905205194 Budapest Duna TV in Hungarian 1945 GMT 29 May 94

[Interview with President Arpad Goncz by unidentified reporter at the Duna Palace in Budapest—live]

[Excerpt] [Reporter] As president of the Republic, what do you consider to be the next important thing from the country's point of view, the thing which you advise to the country?

[Goncz] That the country should have a stable and acceptable government.

[Reporter] The people have expressed their view quite radically and—in both rounds of the elections—quite massively, in terms of turnout.

[Goncz] The people deserve respect and honor for this.

[Reporter] However, after this, should the parties not be expected to effect the transition in a similarly radical and speedily manner? Will you ask the party leaders tomorrow to do this?

[Goncz] That goes without saying. The campaign, the election is over, now all parties must bear in mind the welfare of the country.

[Reporter] When do you plan to convene the National Assembly?

[Goncz] The National Assembly must be convened within 30 days of the announcement of the election result, but I sincerely hope that I will be able to convene it as soon as possible. I cannot give a date.

[Reporter] Mr. President, when can peace and calm be expected to prevail in the country again?

[Goncz] I do not feel that the country is in a state of war. I could hardly have conceived a more peaceful election. So, I believe that the state of calm will be reestablished soon—the campaign is over. As to when the nation's peace of mind is to prevail, let me say that it will occur if the nation can draw a final account of all the phases of its history prior to 1918 and close that account. However, it might take a generation. [passage omitted]

Orban on 'Failed' Liberal Alliance

LD2905213894 Budapest Kossuth Radio Network in Hungarian 2000 GMT 29 May 94

[Interview with Viktor Orban, chairman of the Federation of Young Democrats, Fidesz, by correspondent Attila Kert at the Fidesz election center—live]

[Excerpts] [Kert] Good evening. Fidesz Chairman Viktor Orban is sitting in front of me. [passage omitted] An hour ago Imre Szekeres, executive chairman of the MSZP [Hungarian Socialist Party], said quite definitely that the Fidesz could be regarded as a potential coalition partner.

[Orban recording] We received no official note of any kind about this. Regarding forming a coalition, the Fidesz National Executive will decide. My position is well known on this issue: I am not in favor of this cooperation. We will not enter into informal talks. [passage omitted]

[Kert] What about the future of the liberal cooperation? You said a few hours ago that it was on the brink of collapse. Can this cooperation go on?

[Orban] The first thing I have to say is that the cooperation of the liberal parties, on which the strategy of every liberal party was built during the election campaign, has failed. Everybody has done rather badly. Two out of the four parties did not even get in. We lagged behind expectations and the SZDSZ [Alliance of Free Democrats] obtained fewer seats than in 1990. Thus, on the basis of the voters' judgment, the whole idea of the liberal-center proved to be an unsuccessful idea.

As to what to do now, I cannot yet say. I feel that the key to the situation is in the hands of the SZDSZ, for they were the ones who left the possibiiity of cooperating with the MSZP open. It seems that they are willing to form a government together with the MSZP.

[Kert] What if the two parties find themselves in opposition to one another in parliament?

[Orban] The Fidesz National Executive will discuss this and decide on the matter. [passage omitted]

[Kert] Many people say that Fidesz, with its negative election campaign, contributed to the success of the MSZP.

[Orban] I do not agree with these opinions. We put two targets in front of us: One, to bring about a replacement of the government—this was successful. Two, to prevent the comeback of the old (?guard)—this was not. [passage omitted]

[Kert] Finally, what sort of future do you expect for the Fidesz and what about your own role?

[Orban] We have to put the ranks in order. [passage omitted] I will be a parliamentary deputy and I would like to work for a bourgeois Hungary in parliament; I think there is a chance for this. I do not think that the fate of Fidesz is more difficult than in 1990. [passage omitted]

[Kert] Is it conceivable that the Fidesz will get back on its feet?

[Orban] Since we did not lie down, we will stand up. We will bow our head to the winners but we will not bend our knees. [passage omitted]

Szekeres on Foreign Policy Goals

LD2905223494 Budapest Duna TV in Hungarian 2038 GMT 29 May 94

[Interview with Imre Szekeres, executive deputy chairman of the Hungarian Socialist Party, by unidentified correspondent on 29 May; place not given—recorded]

[Excerpts] [Announcer] Our subject for discussion now is foreign policy. If a country is small and, what is more, one-third of its nation [allamalkoto nemzetisegenek] lives beyond its borders, it must conduct a particularly active and sensitive foreign policy. Let us now see what the representatives of the parliamentary parties expect from the new government. Here are some recordings:

[Szekeres] I think the new government—provided that it is formed by the MSZP [Hungarian Socialist Party]—will have three simultaneous foreign policy tasks. First, to speed up Hungary's participation in European integration. Second, to settle our relations with neighboring countries. Third, and this is an issue that ranks equal to the first two, to represent the interests of the Hungarian minority living beyond the country's borders, including support for their efforts to achieve various types of autonomy.

I think that these three foreign policy goals are interdependent. In other words, neither can succeed without the other. I think this presupposes on the part of the new government a very serious and very firm and proactive foreign policy.

[Correspondent] What does the Balladur conference that took place earlier this week indicate?

[Szekeres] [passage omitted] It has become clear that in East Central Europe and in the Baltics, where such problems create serious tensions between countries and within countries, and unsolved situations, some kind of coordination process has started now.

We have no illusions. Such a process will be very long and will mean very complicated negotiations, but all opportunities must be exploited to permit Hungary and the Hungarian nation that lives inside and outside the borders to be able to digest at last the trauma of the Trianon Treaty, to find at last the modus vivendi in which the Hungarian nation, inside and outside the Hungarian border, can live its Hungarianness to the full and be able to find the balance that must necessarily come about between the majority nations and the Hungarian minority of the other countries.

[Correspondent] How will the MSZP address the Hungarian community [magyarsag]?

[Szekeres] In accordance with European norms, the new prime minister of the Hungarian Government will be the prime minister of 10.5 million Hungarians. However, at the same time, he will be a representative, in some form, of the other 3.5 million Hungarians living outside the borders. I would very much dislike it if the past four years repeated themselves and the Hungarian organizations beyond the borders were used as a backdrop. I would very much dislike it if the interests of Hungarians became a party political question, for this affects the whole of the nation. Therefore, every element of the issue, that is people acting in cultural life, in government or in the economy, have a role in this. We would like to coordinate and integrate this work.

[Correspondent] Will there be a need in the future for the office dealing with the matters of the Hungarians beyond the borders?

[Szekeres] We have not been working on concrete government drafts like this yet. However, I think that the cultivation of links—cultural cooperation and economic links between the mother country and the minority Hungarians—have to be integrated by all means. An agreement has to be reached about the structural forms of this. In my view, it is not the priority but rather the quality of this task that is important.

[Correspondent] Our viewers worry about the future of Duna Television.

[Szekeres] No decision has been made yet about television issues, naturally, but I think there is a need for a broadcast that can reach the Hungarians beyond the borders and if possible, the Hungarians spread across Europe. As to the form of editing and method of operation involved, this has to be settled with the profession.

Horn on Alliances, Policy Issues

LD3005004494 Budapest Duna TV in Hungarian 2145 GMT 29 May 94

[Interview with Gyula Horn, chairman of the Hungarian Socialist Party, by unidentified correspondent in Budapest—live]

[Excerpts] [Correspondent] In view of the easy way you were able to take the 40-degree centigrade heat at the news briefing, it is rather gratuituous for me to ask whether you, Mr. Chairman, are well?

[Horn] Thank you. I am as normal as any average man. In a few weeks this trophy [reference to the metal support-frame he wears around his neck and head as a result of a recent car crash] will be off my head early next week. In other words, the traces of the break are slowly disappearing.

[Correspondent] If I understood your words correctly, discussion about coalition negotiations, let alone ministerial posts, is meaningful only after the Hungarian Socialist Party [MSZP] congress, after joint coordinations. Nothing until then?

[Horn] [passage omitted] We convened the congress for 4 June. We will decide then. [passage omitted] I think that it is most obvious that it is the party that came second in the elections, the SZDSZ [Alliance of Free Democrats], can be considered as a possible coalition partner. [passage omitted] I hope they take seriously the responsibility the election presented them. [passage omitted]. This country needs a viable parliament and government.

An MSZP-SZDSZ government alliance may mean it will not be too difficult to agree on the most important tasks and that the two parties' agreement with each other may open a path toward a wider alliance. Under this, which I think would be very good, a relationship should be shaped in the future or in the new government between the six parliamentary parties different from the current one. [passage omitted]

[Correspondent] Certainly your party has become the strongest party of the would-be coalition at this election. How do you wish to use this power?

[Horn] The most important thing is to put right the affairs of the country. [passage omitted] We have said the transformation can be executed in a different way from the present manner. In other words, we said it was possible to conduct a policy in which people are put in the focus. It is unacceptable for us that the transformation should be carried out in such a way that the great majority of people should lose out as a result. A burden-sharing in proportion to income must be created. [passage omitted]

People's lives must be made more secure, and I do not mean by this public safety only, but also job availability, education, and the assurance of all other aspects of existence. What we also need, shall we say, is a policy with a human face, which means also that we must solicit the views of a broad range of people in all essential questions. [passage omitted]

[Correspondent] [passage omitted] Among the 2 million people who voted for the MSZP, many have recently lost their social status; that is, the middle stratum that makes a country strong and capable of progress. Can the MSZP offer something to them?

[Horn] I recently read an analysis of the kind of people who have voted for the MSZP. The widest support has come from those living on wages and salaries, the workers and peasants in the villages. There are also very many entrepreneurs. [passage omitted] Third, there is the middle stratum you mention, which is sliding down on the social scale: teachers, public employees, artists, and others. [passage omitted]

[Correspondent] Do you see a realistic chance for carrying out all the changes you envisage?

[Horn] If there was not a chance we would not start this task. This is why I started the news conference by quoting Franz Vrantizky, who called me to congratulate me and tell me the difficult part was just beginning. He is entirely right. For although it is a great pleasure to know the Socialist Party enjoys such huge support, it is also a great responsibility. [passage omitted] I think the greatest strength of the Socialist Party lies in its expertise. Thus people can have faith that the Socialist Party will start dealing with matters professionally.

[Correspondent] Have you got some sort of emergency aid package?

[Horn] We have got a package that has already been disclosed regarding social and employment policy, economic and social agreements. It is a short term action program to be completed within the year, in 1994.

[Correspondent] So rapid changes can be expected?

[Horn] Yes, yes. There are a lot of silly things in this country. Several laws and decrees were adopted, structures and practices evolved, and we protested against them to no avail. Being in an opposition role, of course, there was not much impact of our protest. [passage omitted] So many things can be changed without applying investments worth billions of forints, by way of which the life of people can be improved. [passage omitted]

[Correspondent] You said at the news conference that Hungary was in need of foreign help more than ever. What did you mean by this?

[Horn] It is quite understandable the activity of foreign capital came to a halt for the time being. This is quite natural, and this is not some sort of no-confidence in the outgoing government, but a kind of waiting. Well, there is an enormous need for foreign capital, but at the same time, internal laws also have to be adopted that will stipulate definite conditions regarding the activity of foreign capital; that is, it should not mean only the buying of markets, as it happened in many cases.

The other thing is that this country will need new money. Very serious amounts of money will be needed so that genuine investment activity can take place and to generate economic growth, even if of a modest rate.

Last but not least, this country is struggling with a huge debt. There is sufficient reserve in 1994 to fulfill this debt repayment obligation. But what will happen in 1995 and the ensuing years? Will all our money go on repayment of the interests and the instalments? For then we really will not have any internal reserves or internal resources for development. So all this has to be thought through. [passage omitted]

Thus a lot of things could be mobilized to put this country back on its feet. Our conviction is that without foreign help getting back on our feet cannot be done.

[Correspondent] The press wrote a lot about the fact that the MSZP did not quite manage to get rid of its image associating it with the former HSWP [Hungarian Socialist Workers Party]. How does the party relate to these old members?

[Horn] Look, I would very much like if in 1994, as a result of the elections, we would close this dwelling in the past. Not because we have nothing to say about the past, but because we want to deal with the future. [passage omitted] People judged that the policy of change cannot go on as it has done in the past four years; they want change. They considered that the Socialist Party can manage and lead this policy of transition better than the present government. It is possible they will put their faith into another party in 1998. [passage omitted]

We will work hard so that they should not be disappointed. Anyway, the nature of a left wing party worldwide is to work in the interest of the majority. So it is possible to deal with the past, but nobody's life will improve one iota in this tiny homeland. [passage omitted]

KDNP Chairman on 'Pro-National' Bloc

LD3005020894 Budapest Duna TV in Hungarian 2345 GMT 29 May 94

[Excerpts] The Christian Democratic People's Party [KDNP] has won 22 parliamentary seats and come in fifth in the Hungarian parliamentary elections. KDNP Party Chairman Laszlo Surjan assesses the result and the future.

[Begin recording] [Surjan] [passage omitted] As we know, the transformation from a planned to a market economy and many other circumstances have brought very great disappointment because only very few people have attained a higher standard of living. In practice, the living standard of all citizens has declined.

Until now we have had a role in a coalition, a role we played as a partner of that coalition with moderate strength. Now we would like to participate in Hungarian public life in a much more marked manner and with a much better defined character but independently of others, relying on our own strength and our own ideas.

[Unidentified correspondent] Does it mean that the KDNP cannot accept fully its participation in the bloc of pro-national forces which the MDF [Hungarian Democratic Forum] is trying to form?

[Surjan] The significance of a bloc of pro-national forces is yet to be thought through. I myself am afraid of this term. Naturally, we must think together, just as we have undertaken this—we have even created serious tensions within the party—by trying to help each other in the second round through withdrawing in favor of each other. Unfortunately, without result. [passage omitted]

SZDSZ Leaders on Coalition Prospects

LD3005041694 Budapest Kossuth Radio Network in Hungarian 0300 GMT 30 May 94

[Text] The Alliance of Free Democrats [SZDSZ] is ready for coalition talks with the Hungarian Socialist Party [MSZP] but these talks will be much more difficult because the Socialists have gained an absolute majority in the Hungarian parliament. This was stated by party Chairman Ivan Petoe, who added that the coalition consultations could begin as early as next week. However, Peter Hack, another SZDSZ leader, described as doubtful the possibility of a coalition agreement after a Socialist Party victory of such magnitude. According to Hack, the electorate has unambiguously placed its trust in the hands of one party and the SZDSZ would not be able to play an emphatic coalition partner role if it were to participate in the government.

Horn on New Government's Tasks

LD3005102594 Budapest Kossuth Radio Network in Hungarian 0445 GMT 30 May 94

["Exclusive interview" with Hungarian Socialist Party Chairman Gyula Horn by reporter Peter Gyuricza; place and date not given—recorded]

[Excerpts] [Gyuricza] Mr. Chairman, you have promised that a new policy has to prevail in Hungary from June. What does this mean in practice?

[Horn] This means, first and foremost, that the real problems of the people have to be dealt with. This means that the new parliament and the new government should not deal with masses of abstract ideological questions. This really means that all questions, without whose solution we cannot ease the people's fate and life, must be put on the agenda on the first day after the formation of the new government, if possible. There are a lot of questions of this kind.

[Gyuricza] Some examples?

[Horn] I mean, first of all, the social strata in the most difficult situation—pensioners, families with many children, young career-starters; we have to ensure that people are housed and that in practice these young people can get a job. Just look at the catastrophic housing situation. The new government cannot avoid establishing a credit system, with state participation, for the construction of homes or for the acquisition of homes. This is no longer just another of the many promises being made, since the elections are behind us.

Concerning all this, I am convinced that we have to keep in mind—since we could spend hours just listing all these necessary steps—that people do not exist to implement a change of system; on the contrary, the change of system has to serve the people. There was some kind of misunderstanding here over the past months and years—as though the change of system was regarded as an abstract aim. [passage omitted]

[Gyuricza] [passage omitted] Will the MSZP [Hungarian Socialist Party] be forced to form a coalition, or should we regard a coalition as a necessity?

[Horn] There is no necessity for a coalition because we have an adequate majority, but we do want a coalition. We would like to form a coalition.

[Gyuricza] At what price?

[Horn] Not at any price, obviously. [passage omitted]

[Gyuricza] Is it possible that you could be the object or the stake of the coalition talks?

[Horn] I do not think so. Why should that be? [passage omitted]

[Gyuricza] Before the elections you said you would not be short of coalition partners. What are you thinking of, or not thinking of, in addition to the Alliance of Free Democrats [SZDSZ]?

[Horn] We also said that we are open about the Federation of Young Democrats [Fidesz]. Well, Fidesz got far poorer results than they expected. [passage omitted] I naturally think there are a lot of valuable people there.

We have asked the Christian Democratic People's Party [KDNP] to get rid of its extremists. The election campaign showed that they have not managed to do this, or have not wanted to this. However, I do not think the KDNP would reject a coalition cooperation proposal if I offered it.

[Gyuricza] You have said that your first journey will be to Bonn. Why?

[Horn] On the one hand, because I consider Hungarian-German ties as being exceptionally important. On the other hand, I have personal links with the present German leaders—including Chancellor Kohl and others—and this will make it possible to conclude an agreement, or series of agreements, which would significantly ease the treatment of the acute and very serious illnesses of the Hungarian economy. [passage omitted]

I am not planning to hand them an invoice. We are not talking about some kind of repayment of debts, which has not been completed yet. However, it has to be considered that our country is in a very serious situation and that Hungarian-German relations could ease these difficulties.

SZDSZ's Petoe on Need for 'Compromise'

LD3005174094 Budapest Kossuth Radio Network in Hungarian 1600 GMT 30 May 94

[Excerpts] After the results of the second round of the parliamentary elections, the Alliance of Free Democrats [SZDSZ] is forced to give up the possibility of recommending a nominee for the post of prime minister to the MSZP [Hungarian Socialist Party], which finished first in the election. This was discussed, among other things, at the SZDSZ press briefing. Judit Laszlo reports from there.

[Laszlo] [passage omitted] Considering the chances for a coalition, party Chairman Ivan Petoe said that the SZDSZ did not view the distribution of ministries purely as a mathematical exercise. Were the MSZP-SZDSZ coalition to come into being, it would be the result of a historic compromise, Petoe said. [passage omitted]

The price of the compromise is that the would-be coalition should implement a liberal economic program but the SZDSZ would like to see the personnel guarantees for this too, Petoe said. He also stressed that the SZDSZ would be able to conduct coalition negotiations only with a united MSZP, because the SZDSZ does not wish

to set itself up as a judge to decide over the issues of dispute that exist between the various wings of the MSZP.

An MSZP-SZDSZ coalition is inconceivable unless a compromise solution is arrived at in respect of the person of the prime minister. At the same time, the SZDSZ is not in a position to make recommendations for the person of the prime minister, it was said at the press briefing. [passage omitted]

KDNP Rules Out Coalition

LD3005180294 Budapest Kossuth Radio Network in Hungarian 1600 GMT 30 May 94

[Text] We have just received a report on the meeting of the KDNP [Christian Democratic People's Party] executive committee. Levente Suekoesd reports:

[Suekoesd] Spokeswoman Krisztina Szilagyi told our program that at the meeting of the KDNP executive committee today a decision was made to exclude the possibility of coalition with the MSZP [Hungarian Socialist Party]. The spokeswoman also said that at the meeting of the national executive to be held on 25 June, the leadership would resign; it will operate as an acting body until the new leadership is elected.

MSZP, SZDSZ Leaders Interviewed

LD3005213394 Budapest Kossuth Radio Network in Hungarian 1630 GMT 30 May 94

[Interview with Hungarian Socialist Party Chairman Gyula Horn and Gabor Kuncze, leader of the Alliance of Free Democrats, by correspondent Gabor Bankuti in the studio on 30 May—recorded]

[Excerpts] [Bankuti] [passage omitted] If I remember correctly, you were the first to suggest the idea of joining NATO?

[Horn] Yes, I said this at the beginning of 1990, taking Hungary's situation into consideration. For I am yet to be shown another state having such a large national minority living beyond its borders than Hungary. There are nearly 4 million people living in the vicinity beyond our borders and this has always been the source of some sort of tension. When we raise our voice to secure their rights, it inevitably creates tensions in bilateral state relations.

Therefore, it would have been good if NATO related to us a little bit differently than to the other neighboring countries, taking Hungary's special position into consideration. However, this is a question for NATO; it is their affair and they should have perhaps followed a slightly more circumspect policy toward us.

[Bankuti] But I think your views have not changed on this score.

[Horn] Not at all. I remain a believer in joining the Western European integration organizations. I wish to remind people that the predecessor of this government, of which I was also a member, submitted the bid for associate membership. [passage omitted]

[Bankuti] Your party says that the eastern markets have to be revived. However, these eastern markets have collapsed.

[Horn] [passage omitted] We can see that the western markets are rather limited for us, precisely because of the recession, which we talked about earlier. However, I consider that, for example, in the field of agriculture.-...[pauses] We can put agriculture back on its feet and we want to do this. If there is a national issue, than it is the issue of putting agriculture back on its feet. The market for our products from agriculture and the food industry can primarily be eastern Europe.

I agree that the method of payment for goods is the greatest difficulty in relation to the eastern markets. However, if need be, we have to adjust to the conditions. If need be, we have to create barter trade, product for product. It is not the most modern form but excuse me, we have to stay alive, what is more, we have to progress. [passage omitted] The task of a government is to create the fiscal and other conditions and structures to enable the progress of this kind of trade. So we cannot give up the eastern markets, which, nevertheless, does not mean the weakening of Hungary's relations with the western states in the least.

[Bankuti] [passage omitted] Let us now listen to our talks with Gabor Kuncze [leader of the Alliance of Free Democrats, SZDSZ]. [passage omitted]

[Kuncze] The current situation must not be conceived as if the opposition roundtable was now being reformed again, as if the opposition were again in a resolute confrontation with the Hungarian Socialist Party [MSZP], should the MSZP form a government on its own. [passage omitted]

[Bankuti] Still, once upon a time you [the Alliance of Free Democrats] were in alliance with the other opposition parties, whereas now you think that this MSZP is different from that MSZP, or rather its predecessor the MSZMP [Hungarian Socialist Workers Party], with which the opposition roundtable negotiated.

[Kuncze] This MSZP is certainly not the MSZMP, it is different even in name, it refuses even to identify itself with the MSZMP past. The MSZP has been conducting its policy in parliament during the past four years and on the basis of all this one must not identify the MSZP with the earlier MSZMP. I agree with this. [passage omitted]

[Bankuti] [passage omitted] Is there full unity within the MSZP?

[Kuncze] [passage omitted] It is not my task to speak about the internal affairs of the MSZP and I would not like to do so. Obviously there are problems there because it is perhaps not by coincidence that the MSZP was unable to name a candidate for the post of prime

minister. The question is whether it will be the ideas of Laszlo Bekesi and those around him that will prevail or the line of Gyula Horn and Sandor Nagy that will be followed. There is a great question mark as to what is happening to Matyas Szueroes and those around him. However, I consider this to be an MSZP internal affair and I am not sure that I have to deal with this.

However, one thing is certain: The SZDSZ—should there be any coalition negotiations—can conceive of such negotiations only on the basis of the MSZP's written economic program, a program that Laszlo Bekesi described as a liberal-minded economic program. From this point of view it is interesting that last week Sandor Nagy published a statement in which he addressed the issue of a coalition with the SZDSZ saying that it would be a very difficult one, because for a Socialist Party a liberal economic policy is unacceptable. [passage omitted]

[Bankuti] Would you like to comment on this?

[Horn] Well, I have to comment quite a lot. [passage omitted] As to what kind of trends exist within the MSZP, well let me tell you again, and please believe me: The MSZP has one economic program. This program was prepared by Laszlo Bekesi and this program was adopted by the MSZP congress. This program was adopted by the candidates of the party, Sandor Nagy included. As to how this program can be realized—and let me tell you that many outsiders considered it to contain more liberal elements than the similar program of the SZDSZ—this is an enormous question. Nobody has the panacea for solving the problems of the country.

So we have one program and it is time to stop this debate about which trend will be the winner. People usually say that I represent the so-called centrist line. I do not mind this description at all. However, I would rather say that I represent the line that unites the different views within the party and prevents the party's cart being tugged this way and that way, neither to the right nor to the left. I consider this very important.

Naturally, there are differences of opinion within the party that only proves that this is a big party. [passage omitted] If we manage to come to an agreement with the SZDSZ, I emphasize, the program adopted at our congress on 28 February 1994 will be realized. [passage omitted]

What we promised during the election campaign is true: We want to improve the situation of the people and we want to start this as soon as tomorrow. No, we want to start today. We pledged our life and our political work to this.

Goncz on Parties' 'Moral Obligations'

LD3005215094 Budapest MTV Television Network in Hungarian 1730 GMT 30 May 94

[Excerpts] Hungarian President Arpad Goncz received the leading representatives of the parties in the parliament building earlier today.

[Begin Goncz recording] [passage omitted] If I myself had to define what the electorate voted for or against I would say that the country had two desires. One of these is that the country itself should not break into two societies—with a society of the poor people on the one hand and a society of those amassing immeasurable riches for themselves on the other. Parallel with this—obviously not consciously—is that we should not break into two parts, east and west Hungary.

As a result of the election the parties have several moral obligations. First, they should focus their energies to achieve an economic revival as much as possible and in accordance with a thorough plan. Neither the government nor parliament can fulfill this task on its own. In the interest of a common objective, a national consensus must be established—as wide as possible—for the fulfillment of this goal. In other words, in my judgment efforts should be made for establishing a coalition government, but naturally I cannot interfere in this, nor do I want to. [passage omitted]

I must add that I am convinced that the electorate of the country has helped bring to victory a future modern and European social democratic party. [passage omitted] [end recording]

Horn on Relations With EU, Neighbors

LD3105100494 Budapest MTV Television Network in Hungarian 0445 GMT 31 May 94

[Text] On election night Gyula Horn, chairman of the MSZP [Hungarian Socialist Party], gave several interviews in which he outlined the party's program. Now, however, he is speaking about foreign policy questions:

[Begin recording] [Unidentified correspondent] You said that your first visit will take you to Bonn. Will the second one be to Brussels? A year ago you were not the first to raise the question of Hungary's NATO membership.

[Horn] Yes, but now, when referring to Brussels, I was thinking not of NATO but the European Union [EU]. It is very important—and I supported the present government's intentions on this—that Hungary's association treaty with the EU should really be amended. It must be improved, it must be improved in our favor. The way in which Brussels relates to Hungary and the other states in the east central Europe region is very important because I believe that the time for deeds has arrived. So there should not be just piles and piles of statements by the Twelve about the region; they should give more than they have been giving so far to help this region.

[Correspondent] We would like to improve relations with neighboring countries, but in past years we have seen that on the other side there is insufficient will to receive these attempts. How will the new government resolve this?

[Horn] Look, there are surely Funars [prominent Romanian nationalist mayor of Cluj-Napoca] elsewhere too, not only in Romania. [passage omitted] However, this

must not be our point of departure. I believe that Hungary has no enemies either along its border or further away. On the contrary, it has partners, and if we can strengthen the partnership relationship, if we can build up their trust in our intentions—and we have already said that we would like to bring about a historical reconciliation with our neighbors and a lot should be done to this end—I am sure that they will receive our moves favorably. [end recording]

Horn on 'Social Peace' With Unions

LD3105103794 Budapest Kossuth Radio Network in Hungarian 0900 GMT 31 May 94

[Text] According to Gyula Horn [chairman of the Hungarian Socialist Party—MSZP], coalition talks should start as early as next week, providing both the MSZP and the SZDSZ [Alliance of Free Democrats] agree to cooperate. This was said by the MSZP chairman in Hungarian TV's "Napkelte" [Sunrise] program.

Speaking about relations with the unions, Horn said that if the new government fails to reach an agreement with the organizations representing the interests of those living on wages and salaries, there will be no social peace, and in that case no self-moderation by the principal protagonists in political and social life could be expected, despite the fact that this is overwhelmingly necessary.

If trade unions experience, as they have in the past four years, that agreements which they sign are subsequently kicked aside by the government, then whatever the composition of the new government, confrontation will inevitably arise between the unions and the government, Gyula Horn warned. He added that Sandor Nagy [chairman of the National Federation of Hungarian Trade Unions] also believes that an economic and social agreement should be reached as soon as possible. In the framework of the agreement they would handle the crisis in a way contrary to the method used by the previous government, which would permit an improvement for those living on wages and salaries.

MSZP's Szekeres on Short-Term Tasks

AU3105152494 Budapest PESTI HIRLAP in Hungarian 31 May 94 pp 1, 3

[Interview with Imre Szekeres, executive deputy chairman of the Hungarian Socialist Party, by Henrik Hammang; place and date not given: "There Is No Overwinning Involved Here"]

[Text] The Hungarian Socialist Party [MSZP] won the 1994 elections with a landslide victory and obtained more than half of the parliamentary mandates. After the elections, MSZP Deputy Executive Chairman Imre Szekeres gave us an interview about the party's election successes and short-term concepts.

[Hammang] In view of the results, in your opinion, has the MSZP overwon itself or it has simply carried its best form?

[Szekeres] It is very difficult to answer this question. We repeatedly said that it is difficult to determine the concept of overwinning [tulgyozes]. If the voters thought to vote for the MSZP or its individual candidate, naturally this is a great pleasure for us and, in my opinion, the 270,000 extra votes compared to the first round of elections and the total of close to 2 million votes show a serious confidence in the MSZP. This support shows that everything that we thought about the country, the tasks, and the people's needs in the past four years was right.

[Hammang] After the first round, the public thought that only the Alliance of Free Democrats [SZDSZ] was capable of forcing the MSZP back regarding the individual candidates and thus creating a proper balance in the next parliament. As shown by the results, the SZDSZ failed to achieve this. On the contrary: The well-known SZDSZ candidates failed to obtain a single mandate in Budapest, for example; only the MSZP and the Hungarian Democratic Forum [MDF] were able to do that. In your opinion, what is the reason behind this?

[Szekeres] I think that they put the question wrongly and also answered it wrongly. The MSZP behaved very politely between the two rounds and argued very calmly that the opposition should represent the balance against a government coalition, but this is not needed within a government. Given the results, the citizens also thought so. The results of the second round clearly proved that no negative campaign whatsoever leads to results in Hungary. If the SZDSZ had formulated its campaign differently—saying that it knew the situation better or that its candidates were better than the candidates of other parties—they would have achieved better results.

[Hammang] At its upcoming congress on 4 June, the MSZP will determine the party's candidate for the position of prime minister. Will the coalition talks start already this week, or will you only be preparing them until the upcoming MSZP congress?

[Szekeres] Our plan is unchanged: The congress will decide on the two major issues on 4 June. The two issues are: With which parties we should start coalition talks, and who should be the MSZP's candidate for the position of prime minister? This agenda will not change and I think every party needs to evaluate the election results and to consider the situation.

[Hammang] It has been said that, regarding the coalition possibilities, you are open to every democratic party. However, it has also been said that, along with the most probable partner, the SZDSZ, the MSZP only considers parties that did not compromise themselves with their participation in the losing coalition. In addition, in view of the considerable differences between the ideas of the MSZP and the Independent Smallholders Party [FKGP], only the Federation of Young Democrats [Fidesz] remains as a possible coalition party among the six parties.

[Szekeres] We must consider several things in this respect. One of them is the need to find out which party

program can be adjusted to the MSZP concepts. It is also an important factor to find out who thought in terms of different government policy than the one prevailing so far. In this respect, we can consider the SZDSZ and the Fidesz. I would regard this as a starting point. Theoretically, we cannot exclude the cooperation of all the three political poles in a government either. Cooperation with the Christian Democratic People's Party [KDNP], the only force to be considered in this respect, is only possible after the necessary political changes. Naturally, all these are only theoretical possibilities.

In the course of coalition talks, it is essential that the composition of Hungary's next government should not be determined by party or individual interests. The people have lost their patience and the current situation is quite difficult, so it is very important to create a stable government that is able to function.

[Hammang] We learned that several SZDSZ leaders think that, given the 54-percent parliamentary majority of the MSZP, there is no longer need for a coalition.

[Szekeres] The best thing for the SZDSZ is also to wait for the coalition talks and then decide on possible cooperation. All the more so because the SZDSZ is also obliged by the elections in a certain respect, at least in the sense that the SZDSZ was speaking about a different government in the past years and, in their view, they have an adequate program for this. All this could be implemented in a coalition government. This 54-percent magic totally contradicts the elementary logic of an attitude toward a consensus. I say that we should sit down and talk, and then think about each other's percentage.

[Hammang] At his late-night news conference, MSZP Chairman Gyula Horn said that the MSZP will be able to solve the problems and will take short-term measures that will lead to improvement. Are there really possibilities for this?

[Szekeres] It is very important that Gyula Horn made these promises after the elections, rather than before the elections; in other words, the citizens did not vote for the MSZP because of these promises. Gyula Horn and those who are engaged in politics in a responsible way in Hungary think that changes must be made in the people's situation. There are things that do not cost money and nevertheless can lead to considerable changes, like the style or the government's attitude toward the people. In addition, some ideas can also be implemented under the current financial conditions. Naturally, issues that imply considerable expenses can only be solved in the long term.

Horn Rules Out 'Return to Communism'

AU3105153594 Hamburg BILD in German 31 May 94 p 3

[Interview with Hungarian Socialist Party Chairman Gyula Horn by unidentified BILD reporter; place and date not given: "Germany Will Be My First Trip"]

[Text] [BILD] Will the Communists return to power now?

[Horn] No. A return to communism in Hungary is out of the question. The wheel of history cannot be reversed. Despite the great election victory, we in the Socialist Party want to rule in a coalition.

[BILD] Are you going to stop the privatization?

[Horn] No, the privatization will be continued, but under parliamentary control. We do not want to deprive anyone of his legal property.

[BILD] What effects will the Socialists' election victory have on German-Hungarian relations?

[Horn] Hungarian-German cooperation has great importance in the development of our economy. We need the Germans to expand our economy and become full members of the European Union as quickly as possible. Therefore my first foreign trip will be to Germany.

Walesa Views Economy, NATO, European Union

AU3005133194 Vienna DER STANDARD in German 30 May 94 p 3

[Interview with Polish President Lech Walesa by Edith Heller in Warsaw; date not given: "The Poles Have Always Found a Way Out"]

[Text] [Heller] The news we get from Poland is very contradictory. On the one hand, Poland has the highest economic growth rate in Europe—some people even speak about the future "European tiger." On the other hand, your successor in the "Solidarity" trade union, Krzaklewski, said recently that there have been as many as 774 strikes this year. Doesn't that prove that a large part of the population does not see any progress?

[Walesa] If you view Poland from the perspective of stable democracies, you may consider what is happening in our country as anarchy. But you cannot measure us by your standards. Prior to our revolution, we were all equally poor. Now we are building capitalism—which has led to gross inequalities. The people do not strike because they are worse off than in the past, but because others are better off than they. The strikes are not protests against the reforms. They are protests for the reforms—for more justice, more law, and more security.

[Heller] How large are the percentages of "winners" and "losers"?

[Walesa] I would say one-third of the people have already the same or even a better living standards than the people in the West. Another 30 percent live a bit better than they did four years ago. Approximately 20-30 percent are a bit worse off. These latter people live in small towns where the only factory was closed down and no new ones have been set up.

[Heller] Is the number of discontented people large enough to provoke serious social unrest?

[Walesa] A total of 20 percent discontented people would be a lot if they were concentrated in Warsaw or Gdansk. But these people are spread throughout the country. That is why a massive outbreak of dissatisfaction cannot be anticipated.

[Heller] However, the success is measurable. Last year, the gross domestic product increased by 4 percent, production and consumption by 8 percent each. Where do you see the cause of this success?

[Walesa] It was important for us to get rid of our handcuffs.

[Heller] That does not always work. Many reform states have made similar efforts.

[Walesa] There are cleverer and less-clever people. The Poles have always found a way out.

[Heller] However, regarding foreign investment, Poland is still lagging behind Hungary, which is much smaller. German and Austrian investors see more favorable conditions in the Czech Republic. What advantages do your neighbors offer?

[Walesa] Today they are better, but tomorrow, our system will at least be twice as effective. The Czech Republic has had good results with small changes. Take agriculture, for instance. We are about to really privatize everything. In the Czech Republic, they have not even started privatizing the agricultural sector.

The Czechs also proceeded differently with the privatization of industry. They distributed shares and vouchers in their companies. If I said that this is a "higher form of socialism," they would perhaps be offended—but it actually was a sort of distribution system. That is why everything went relatively fast. What we are doing is try and find new individual owners for as many companies as possible—and that takes longer.

[Heller] Don't you see a danger that privatization in Poland will be slowed down by the new left-wing government?

[Walesa] No. The change of government last fall has led the process a bit off course, but it will get back on the right track again.

[Heller] Do you think Poland will, in the foreseeable future, be accepted into the European Union and NATO?

[Walesa] The West should be more interested in our membership than we are, for the following simple reason: We are lagging 10 or even 20 years behind. We will catch up, whereas you will run the risk of falling behind, if you isolate yourself.

The West suffers from overproduction. We lack production capacities. That is why the West should have an interest in taking us in, in order to make money and fill the gaps.

You also draw superficial conclusions in connection with NATO. You say that we are afraid of Russia and therefore want to seek refuge with the West. However, that is not true. The Russians do not threaten us; they had us, and we did not do them good. If the Russians want to have someone, it is you, the West—not us.

[Heller] If Poland is not threatened, could it not become a neutral state like Switzerland?

[Walesa] Poland is too large. Its central position between east and west, north and south plays a role in this respect. Poland cannot afford neutrality, nor will the world permit it to be neutral.

[Heller] One of the factors deciding on Poland's future is inner stability. We are having doubts in this respect. You fight against every government, and there is a permanent "war of the elites."

[Walesa] Do not forget that we do not yet have a ready system, we do not even have a new constitution! I provoke, in order to point out shortcomings. The point is not my person. I have assumed the task of leading my country in this difficult time, in order to build a new and modern Poland. A good system is created by way of discussion and debate.

[Heller] Why are you seeking a presidential system? Could a strong government, controlled by Parliament, and a merely "representative" president not serve Poland equally well?

[Walesa] Of course. But the difficulties regarding the reforms are like a storm at sea. In such a moment, there cannot be 10 captains on board. That is why we need a good helmsman with more options than in the past.

In addition, you will certainly also have heard that my popularity is declining. However, it is only declining because I am not efficient. I know what to do, but I cannot carry it out, because I do not have executive powers. The people tell me that I promised something but did not keep my word. All this will repeat itself with the next president.

[Heller] How do you feel as president? You complained the other day that you do not have enough time to fulfill your duties as husband.

[Walesa] In times of large changes and great reforms, it is, of course, a tough job. Once law and order and stability have been restored, one will like this office.

Denies Concealing KGB Papers

LD2905194694 Warsaw TVP Television First Program Network in Polish 1730 GMT 29 May 94

[Relayed by Warsaw TV Polonia Network in Polish; passages within quotation marks are recorded]

[Text] President Lech Walesa has called the information contained in Boris Yeltsin's recent book a misunderstanding. The Russian president says in this book that during his last visit to Poland he handed over to the Poles not only documents concerning the imposition of martial law, but also KGB files concerning Solidarity.

[Unidentified correspondent] In a book published in over 20 countries over two weeks ago, the Russian president has written that in the documents that he passed on to Lech Walesa, Polish and Soviet Cheka officers spelled out the entire truth about Solidarity leaders: Sometimes it was frightening to read the documents; the KGB X-ray machine was so ruthless. I patted the file and said: Everything is here. Walesa went slightly pale, Boris Yeltsin says in his book.

The Sejm Constitutional Accountability Commission has asked the foreign affairs minister to obtain a copy of the book by the Russian president.

[Jerzy Wiatr, chairman of the Sejm commission] "We will see whether there is anything in Yeltsin's book that could be useful for the commission's work."

[Correspondent] Lech Walesa has given an assurance that he has not concealed any documents that were handed over to him by Boris Yeltsin.

[Walesa] "Most probably it is some misunderstanding, or there have been some leaks. I immediately passed on everything I had received. I think that the press had it earlier than the press spokesman. The documents were made available straight away."

[Correspondent] Vitaliy Pavlov, head of the KGB Warsaw station in the eighties, claims that the Russian president overdramatizes and excessively colors things that the KGB archives contained.

[Pavlov, in Russian with superimposed Polish translation] "I cannot imagine that any materials compromising Solidarity could have been included in the files handed over by Boris Yeltsin to Lech Walesa. They could have contained only our reports assessing the situation during the crisis in the eighties and reports by party apparatchicks who paid visits to Poland in those days."

[Correspondent, in Russian fading into Polish translation] "So, there are not any materials there that would not be known to the Ministry of Internal Affairs?"

[Pavlov] "I do not think so."

[Correspondent] Pavlov did not rule out, however, that the KGB center could have had in their possession some other materials obtained from the special services of other Communist countries, because such documents did not pass through his hands.

To Run in 1995

LD2905202594 Warsaw TVP Television First Program Network in Polish 1900 GMT 29 May 94

[Relayed by Warsaw TV Polonia Network]

[Excerpts] Lech Walesa has officially moved into the presidential, formerly Namiestnikowski Palace. By telling journalists that he was planning to live in it for seven years, he confirmed his will to win the presidential elections next year. [passage omitted]

[Unidentified correspondent] Lech Walesa agreed to allow us to film and show all palace interiors, including private rooms, in the future.

[Begin recording] [Walesa] I do not have any secrets. I do everything in the open. I do not hide anything. I will still here for two more years, or rather seven. Then somebody else will come here.

[Correspondent] You said seven. Have you already decided to run in the presidential elections?

[Walesa] Yes, from what I see I will have to run. [end recording] [passage omitted]

Pawlak Defends Policy at Trade Union Congress

LD2805121394 Warsaw PAP in Polish 0931 GMT 28 May 94

[Text] Warsaw, 28 May—Speaking today at the 3rd National Congress of the National Trade Union Alliance [OPZZ], Prime Minister Waldemar Pawlak described government activities as a long- range strategy of Poland's development. He added that Grzegorz Kolodko, the new deputy prime minister for economic affairs and finance minister, was a guarantor of this policy.

The prime minister said that concrete facts constituted the best information policy of his government, as opposed to paper facts such as conferences or press statements, which were past and gone very quickly.

In Pawlak's opinion, "protests are easier for the government to pass over, while matter-of-fact and serious negotiations are much more difficult." The prime minister stressed the role of the Tripartite Commission (government-employers-employees) in resolving disputes. He recalled that OPZZ deputies had contributed to the setting up of the commission.

Replying to censure of the government's indecision on the popiwek [excess wage tax], the prime minister admitted that his cabinet had been divided on the issue. "The issue of the popiwek has not been a matter of losing virginity, but a more complex one," the prime minister said, arguing that the new bill was not a "repetition of history."

In his speech, the prime minister also recalled decisions made by the government, including the third revalorization of old age and disability pensions this year, because—as he put it—we are not giving in to the atmosphere created by the media that we do not keep promises and have no program. The prime minister added that if economic processes developed in accordance with the government's expectations, there would be a further improvement in the situation of pensioners and public sector employees.

"I am glad that there will be no umbrella over our government; we shall have to be careful not to jump from the frying-pan into the fire," the prime minister said, commenting on an earlier statement by Ewa Spychalska, who announced that the OPZZ would not open a protective umbrella over this or any other government.

Solidarity Demonstrators Assemble, March

LD2705132794 Warsaw PAP in Polish 1152 GMT 27 May 94

[Text] Warsaw, 27 May—According to the police, about 10,000 Solidarity members and sympathizers assembled by 1330 today in Warsaw's Pilsudski Square. However, new delegations arearriving constantly. At a press conference on Thursday, the organizers estimated that around 70,000 people will take part in the demonstration.

After a rally in Pilsudski Square, the demonstrators are to follow the Royal Route down to the office of the Council of Ministers.

The Solidarity demonstration is taking place under the slogan of the implementation of the union's eight demands, which include: abandonment of centralized wage controls, introduction of a 40-hour week, implementation of the enterprise pact, curtailment of energy price increases, and implementation of about 200 agreements signed between Solidarity and the government.

Reach Government Headquarters

LD2705145394 Warsaw PAP in Polish 1347 GMT 27 May 94

[Text] Warsaw, 27 May—Shortly after 1530, the head of Solidarity's national demonstration reached the office of the Council of Ministers in the center of Warsaw, as the last participants in the straggling march left Pilsudski Square.

The march was headed by a banner saying "Solidarity always in defense of your interests." The marchers chanted slogans, including: "Cimoszewicz must go," "SLD [Democratic Left Alliance] to Cuba," "An empty cell for Labor Minister Miller," and "Down with the commies."

In his speech at the rally preceding the march, Solidarity leader Marian Krzaklewski referred to the helicopter observing the preparations for the demonstration. He suggested that the government had already prepared a statement saying that the Solidarity demonstration had been a failure.

Transport Minister: Privatizaton Ahead for LOT

LD3005172494 Warsaw PAP in Polish 1442 GMT 30 May 94

[Text] Warsaw, 30 May—According to Transport and Maritime Economic Minister Boguslaw Liberadzki "it is time to privatize our flagship carrier LOT." "We have 49 percent of its shares for sale," confirmed the minister, although he would not say to whom he wanted to sell the LOT shares.

"It does not have to be a strategic investor, nor does it have to be an airline company," noted Liberadzki. Asked by a PAP journalist whether American Airlines would be involved, the minister said LOT had concluded a strategic alliance with the American carrier and "that is enough for the moment." He added that during the latest conference of transport ministers in France he talked with the American secretary of transportation about "aviation and roads."

The minister denied that a two-year deadline for privatizing LOT (since its transformation into a State Treasury company) would expire in December this year, as "special legislation applies in this case." "First we have to establish the true value of LOT whose book value is 2.02 trillion zloty," he added.

Government Welcomes Stability Pact Process

AU2705185394 Bucharest Radio Romania Network in Romanian 1700 GMT 27 May 94

[Text] Our editorial office has received a declaration by the Romanian Government on the launching of the process for the stability pact in Europe. The document reads as follows:

The proceedings of the inaugural conference on the stability pact in Europe concluded in Paris on 27 May 1994. Thirty-nine states and five international organizations adopted a political document whereby they reasserted their pledge to make a contribution to the efforts aimed at ensuring peace in Europe by promoting and expanding relations of cooperation and good-neighborliness. Teodor Melescanu, minister of state and minister of foreign affairs, headed the Romanian delegation at the conference of initiating a stability pact in Europe.

The Romanian Government reasserts its support for the basic goals of the stability pact in Europe, the first initiative of foreign policy and joint security of the European Union. The draft initiated by France and promoted by the European Union is part and parcel of the actions aimed at preparing the integration of the Eastern and Central European states that today enjoy the status of associate members of the European Union in the European and Euro- Atlantic structures. Romania's participation in the stability pact, the act of signing the Partnership for Peace, and the status of associate partner in the Western European Union are important steps to ensure our country's integration in European and Euro-Atlantic structures.

The endorsement of the initial declaration is the result of the joint efforts of the states that are members of the European Union, associated states—including Romania—and of the other countries interested in European stability. Romania has participated in a constructive manner and embarked on the process of defining the orientations of this initiative, that has a pragmatic character of preventive diplomacy.

Romania's Government displayed its political will to contribute to the success of this initiative by continuing negotiations on the conclusion of bilateral treaties with its neighbors, by including in the pact those treaties that have been concluded so far and by organizing certain meetings that are specific to the process of the pact regarding the rights of people who belong to ethnic minorities and the improvement of transportation and communication infrastructure. The future pact of stability in Europe is based on the principles generally accepted by the United States, the CSCE, and the Council of Europe.

Romania's Government learned with satisfaction that this ample project promoted by the European Union is aimed at putting value on the already established institutions and mechanisms, and the CSCE institutions first of all. Romania's Government believes that the endorsement of the Paris Declaration will give an impetus to the continuation of negotiations on the conclusion of basic treaties with neighboring countries, taking into account the principles expressed in the initial document of the pact. Romania's Government believes that stability in Europe is directly determined by the success of the transition processes in the eastern and central parts of the continent. Therefore, it believes that direct support granted to the process of reform in the countries whose economies are in the middle of transition must be one of the major lines of action of various European structures. This will also lead to the creation of the necessary conditions for integration into the European Union. The whole process, by emphasizing its economic dimension, can lead to the consolidation of European stability, of prosperity of all states in our region, and to the creation of the appropriate conditions for practicing the rights and fundamental liberties of each citizen.

Akashi Calls For New Negotiations in Geneva

AU2805142494 Paris AFP in English 1323 GMT 28 May 94

[Text] Zagreb, May 28 (AFP)—UN envoy Yasushi Akashi has invited the warring parties in Bosnia-Herzegovina to negotiate a comprehensive cessation of hostilities at a meeting in Geneva next week, the UN Protection Force [UNPROFOR] announced Saturday [28 May]. The co-chairmen of the peace conference on the former Yugoslavia, Lord Owen of the European Union and Thorvald Stoltenberg of the United Nations, as well as U.S. special envoy Charles Redman and his Russian counterpart Vitaliy Churkin, were also invited, an UNPROFOR statement said. Akashi will be accompanied at the Geneva meeting, to be held Thursday and Friday [2-3 June], by UNPROFOR commander for ex-Yugoslavia Lieutenant-General Bertrand de Lapresle, and the UNPROFOR commander in Bosnia-Herzegovina, Lieutenant-General Sir Michael Rose, the statement added.

Akashi, in letters sent to Bosnian President Alija Izetbegovic and Bosnian Serb leader Radovan Karadzic on Friday, "drew attention to the presidential statement adopted by the UN Security Council on 25 May 1994 in which the Council reaffirmed the urgent need for a comprehensive cessation of hostilities throughout the territory of the Republic of Bosnia and Herzegovina."

Next week's meeting aims to build on Akashi's May 21 initiative "putting forward a framework for an immediate cessation of hostilities between the parties, including provision for the disengagement of forces and the interpositioning of UNPROFOR troops between the forces."

The announcement comes after France hosted two-day talks between the so-called contact group on Bosnia-Herzegovina—the European Union, Russia and the United States—and Bosnian Croats, Moslems and Serbs Wednesday and Thursday in the Alpine hideaway of Talloires, not far from Geneva. The session reached no apparent agreement, but another round was scheduled in the French resort town on June 6 and 7. The contact group negotiators tried in vain to get the factions to agree to a four-month ceasefire and to accept a European plan for partition that would give 51 percent of territory to a Croat-Moslem federation and 49 percent to the Serbs.

Izetbegovic Proposes Delegation

AU3105152394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1500 GMT 31 May 94

[Text] The Assembly of Bosnia-Herzegovina began work this afternoon. Alija Izetbegovic, president of the Presidency, addressed the deputies at the very beginning of the session. He presented the stands of our delegation at the forthcoming negotiations in Geneva and France. He also proposed that our delegation be made up of Ejup Ganic, Kresimir Zubak, Haris Silajdzic, Efrem (?Bicapi), Mile Akmadzic, and Miro Lazovic.

Assembly to Elect Federation Leaders

AU3005085094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 30 May 94

[Text] The session of the Constituent Assembly of the Federation of Bosnia-Herzegovina will be held today in Sarajevo. Various laws will be reviewed and adopted at the session, and the president and vice president of the Federation of Bosnia-Herzegovina [words indistinct] will be elected.

Moreover, a session of the Republic of Bosnia-Herzegovina's Assembly will also be held. The session will review and adopt several laws and [words indistinct].

New Leadership Approved

AU3005144094 Paris AFP in English 1353 GMT 30 May 94

[Text] Sarajevo, May 30 (AFP)—The constituent assembly of the new Croat-Moslem federation of Bosnia-Herzegovina on Monday approved Kresimir Zubak, a Croat, as its president for the next six months. His appointment was counterbalanced with the naming of Bosnian Vice President Ejup Ganic, a Moslem, to the same office in the new federation.

Zubak, who has been the Croat leader since January when he replaced the extreme nationalist Mate Boban, is untainted by charges of ethnic cleansing against Moslems. A moderate, he was chosen by Zagreb to put some order into Croat affairs in Hercegovina and to make peace with the Moslems. Haris Silajdzic, Bosnia's current prime minister, was nominated premier of the new federal government. Croats will occupy six of the 17 ministerial posts: defence, finance, justice, trade, health and one minister with no portfolio.

The new federal institutions will not replace the existing ones of the Republic of Bosnia-Herzegovina, whose president remains Alija Izetbegovic, as long as peace negotations with the Bosnian Serbs continue.

The federation agreement was negotiated in March and April in Bonn, Vienna and Washington under the auspices of special U.S. envoy for ex-Yugoslavia Charles Redman. The new federation is to consist of cantons with a high degree of autonomy over decisionmaking.

New President Addresses Federation Assembly

AU3105114694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0941 GMT 31 May 94

[Speech by Kresimir Zubak, president of the Bosnia-Herzegovina Federation, at the session of the Constituent Assembly of the Bosnia-Herzegovina Federation in Sarajevo on 31 May—live]

[Text] [Zubak] Ladies and gentlemen, deputies of the Constituent Assembly of the Bosnia-Herzegovina Federation, esteemed guests, (?members of the) Presidency. As

tacit laws, that is, good traditions require, I have taken the floor to thank you for your trust, and to express—as is usual in such circumstances—a few thoughts on our current situation and the assignments that are before us. We, Croats and Bosniak-Muslims, as constituent nations—including other citizens—have decided to reconstruct Bosnia-Herzegovina into a state entity—the Federation of Bosnia-Herzegovina—based on the absolute equality of our peoples, and have given the third, the Serbian people, the chance to join us, so that we can build it [the Federation]—observing the highest standard of human rights and liberties—into a democratic community with the highest standards known to civilization. Before establishing this, I would venture to say ideal, community, as our mutual political goal, we have today taken a significant step forward. Many [such steps] shall follow, which, due to the still fresh wounds inflicted by our sensless conflicts, will always put to the test our will and readiness to attain the goal that we have set ourselves. Owing to this, we need to remind ourselves constantly that, due to our inability to recognize in our differences our mutual interests and goals, we have used the language of arms instead of using the language of mutual deference and tolerance in an attempt to accommodate these differences. The most tragic thing is that, even though we are all victims, irresponsible individuals and groups—[words indistinct] means and methods—that could have easily led to our identification with the aggressor [who attacked] our peoples. We have, thank God, transcended this situation. I have stressed this because I am convinced that we have matured through this painful experince, and that the second sentence of our Constitution—the rejection of the violence of war—will be a lasting element in our mutual relations. All our problems, all conflicts of interest, have to be solved through political means in the institutions of the Federation in accordance with the procedures and ways established by the Constitution and the regulations that we shall adopt.

Our peoples are political partners that need to coordinate their rights, interests, and needs, at the same time fully respecting the right [passage indistinct]. [Words indistinct] established our mutual goal and determined the way to achieving it, we must in advance be aware that we shall sometimes meet with deadlocks on this way. This is normal and commonplace in all democratic countries and we must be prepared for such situations. Once this happens to us, we should not give in to doubts about one another. Instead of riding a wave of enthusiasm, we must be sober and patient in building our relations, taking into acount [word indistinct], and we need to see the community in which we have lived together for centuries and in which we must continue living, as a state entity in which our differences will be established. [sentence as heard] The fervor of brotherhood and unity has unfortunately led us to violence. Therefore, in place of fervor, which is the mother of both [word indistinct] and imporovizations, I am more inclined toward a gradual and patient building of the foundations and the framework of our community, because the transitional period is—at least, this is the way I see it—a period during which we need to lay the foundations of our state community. Immediately and from this moment on, we must think about mutual forgiveness. Ladies and gentlemen, you have electd as president of the Federation a man who has never had aspirations to do any work involving politics. By (?following) my conscience, I have, from the beginning, joined the just, defensive war of my people, at the same time attempting to contribute to the affirmation of its rights and [word indistinct]. At the same time, I have never believed that any rights and interests could or should be greater than the rights and interests of the other peoples with whom we live in our mutual homeland of Bosnia-Herzegovina. During this transitional period—owing more to circumstances than my wish—I have to perform the duties that are of a higher political (?nature). I do not know how good a solution this is, that a political amateur should be assuming such significant duties, particularly since I am trying to coordinate my thoughts, words, and deeds, which people claim is not a desirable quality in political spheres. To many this may sound stereotypical, cordial, and therefore not entirely convincing, but I do not know any other way of saying this; you can rest assured that I will carry out the duties of president of the Federation in the transitional period in accordance with the adopted Constitution—conscientiously and responsibly—and in the interest of our peoples and citizens. Thank you.

Silajdzic Addresses Federation Assembly

AU3005205294 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1643 GMT 30 May 94

[Speech by Haris Silajdzic, prime minister of Bosnia-Herzegovina, addressing participants in the constituent assembly of the B-H Federation in Sarajevo on 30 May—live]

[Text] Esteemed deputies, today's session of the Constituent Assembly of the Federation of Bosnia-Herzegovina aimed at reaching decisions of great importance for the implementation of the constitutional provisions concerning executive organs of the federation, the territorial organization of the cantons, and other important issues concerning the setting up of the system of state organization [words indistinct] regarding the adoption of these decisions we are running a bit behind the schedule envisaged by the draft provisions of the federal constitution. However, we live and work under conditions of war, which makes it very difficult indeed to solve numerous, very sensitive issues within a short period of time, within 30 days or so, and at the same time deal with many other issues imposed on us by the incidents of war.

Although lately there has been an abundance of events that (?pretended) to be that, to be not only important, but also historic, there is no doubt that the Washington Agreement and the adopted Federation Constitution will find their place among these events. In brief, it is in fact

these events that mark a qualitatively new stage characterized by essentially different relations and a much faster pace of development. It is very important that we preserve and further develop this new qualitatively new component, and at the same time step up the dynamics of the process that has begun.

The Washington Agreement and the adoption of the Federation Constitution represent an exceptionally important breakthrough in unblocking relations caused by the aggression. First of all there is a shift in the balance of power in the political and military spheres, which had significantly shifted to the advantage of the aggressor prior to the conclusion of the Washington Agreement.

The setting up of the Federation has facilitated the consolidation of relations between Bosniaks and Croats and the unified stand toward aggressive Serbian nationalism. This in turn facilitates a strategic change in relations not only in Bosnia-Herzegovina but also further afield in the region. At this moment this is the only real way to effectively oppose the idea of the creation of a great Serbia. This orientation has already yielded some results.

There were, however, some risks that the process to implement the Washington Agreement would be blocked. The Vienna Agreement had removed that danger and instead of a new blockade, we now have an open path to implement the federal Constitution and realize the entire political project deriving from the Washington Agreement.

Proceeding from the standpoints of the Constituent Assembly, we have reached concurrence on several very important issues, proposals that will enable the assembly to adopt decisions needed to definitely realize [word indistinct] the Federation in actual life. First, we have agreed on the national composition of the incumbents to the federation's executive branch. These proposals are already known and there is no need for me to repeat them here. The proposals are based on provisions of the Federation Constitution and the provisions of the Constitutional Law on Amendments to the Constitution of the Republic of Bosnia-Herzegovina.

We bore in mind the fact that in the transitional period, within constitutionally determined rights and duties, the constitutional organs of the Republic of Bosnia-Herzegovina and the organs of the Federation will function simultaneously. However, the national composition of the federal incumbents is not the only important issue. At this moment it is extremely important that the people who are to carry out these duties are firmly, sincerely, and personally committed to the consistent implementation of the Washington Agreement. Their readiness to work resolutely on the implementation of the constitutional setup of the Federation as a whole is especially important.

It is not redundant to stress that every person proposed for these posts from one nation must be acceptable to the other nation. Incumbents for federal posts will however not perform their duties only for the nation from which they come. They are state officials who have constitutional rights, duties, and responsibilities toward all peoples and all citizens. It is therefore important that they are people who enjoy widespread trust.

When we were creating conditions for the effective implementation of the Constitution of the Federation we also (?adopted) proposals for the territorial organization of the cantons. This is a very important and sensitive issue. It took a considerable amount of patience, effort, and understanding to find acceptable solutions. It is in fact this issue that has demonstrated that the concept of federation does not lead toward rifts and divisions, but that it is opening up opportunities for the reintegration of people and regions, respecting at the same time the principles of national equality and the rights of the Bosniaks and Croats to exercise the constitutional status of constituent nations in all parts of the federation.

Regarding the Central Bosnian and the Neretva Cantons, one should particularly stress that the proposed solutions are such that it is in fact these two cantons that, instead of being battlefields, can represent the backbone of the Federation of Bosnia-Herzegovina. This is one of those solutions that is strengthening mutual trust among Bosniaks and Croats and pointing to the readiness to set up the Federation and develop it as a real expression of common, long-term, and vital interests of the two peoples.

The issue of the territory of the Federation as whole is directly connected to the territorial organization of the cantons. Full agreement has also been reached on this issue. The territory of the Federation is defined according to the constitutional principle that the Federation will be set up in those areas of the Republic of Bosnia-Herzegovina in which the Bosniaks and Croats constitute a majority of the population. The territories of the areas defined in this way encompass 55 percent of the total territory of the Republic of Bosnia-Herzegovina. The Sarajevo region, which makes up another 3 percent of the republic, is treated in a special way. In the transitional period this region would be placed under the administrative supervision of the international community and the United Nations.

According to the map established by the Vienna Agreement, there are 2,844,000 people living on the territory of the Federation, according to data from 1991. Of these, the Bosniaks make up 52.07 percent, the Croats 24.11 percent, the Serbs 16.93 percent, and members of other nations make up approximately 7 percent. In relation to the total number of the Bosniaks in Bosnia-Herzegovina, 77.81 percent of the members of this nation are living on the territory of the Federation. Of the total number of the Bosnia- Herzegovina Croats, 90.12 percent of them live on the territory of the Federation. Of the total number of Serbs in the Republic of Bosnia-Herzegovina, 35.25 percent live on the territory of the Federation.

Of course, one cannot see from the statistical data on ethnic composition all the components important for the survival and functioning of the territorial integrity of the federation. However, the analysis of other elements shows that the territory of the Federation satisfies the most vital political, economic, defense, and other parameters necessary for the realistic functioning of the Federation.

I would like to stress in particular that the aim of creating the Federation is not to establish some kind of exclusive space for Bosniaks and Croats. On the contrary, I think that this is only an important step in the search for a just and lasting political solution that will bring peace back to this region, and that will enable members of all nations to live free in all parts of the Republic of Bosnia-Herzegovina and enjoy full national equality and all human rights and freedoms.

It is in fact for these reasons that our invitation is permanently open to the members of the Serbian nation to accept the federal concept on the same principles that apply to the Bosniaks and the Croats. This is (?fair) proposal that represents a reasonable and acceptable alternative to the war options. The members of the Serbian nation in Bosnia-Herzegovina have every reason to react positively to this proposal.

Esteemed deputies, the decisions that the parliament is supposed to adopt today have great importance in the context of the peace process that is again gaining pace and intensity with the initiatives of the United States, Russia, and the European Union. The realization of the Washington and Vienna Agreements has already considerably contributed to the removal of the imposed notion about three warring sides in Bosnia-Herzegovina. A few day ago, at the meeting with the contact group in France, we were formally and essentially one side, a side that (?impressed) with its arguments and with constructive proposals aimed at achieving a peaceful and just political solution.

The implementation of the Constitution of the Federation at all levels, and (?organization), will contribute to the further strengthening of such [words indistinct]. Of course, one should not have any illusions that everything will go smoothly. Before us is lies the important political duty of reestablishing mutual trust with words and deeds, especially in the regions where past events have had serious consequences. For the sake of truth and political reality, one should say that there are forces in whose interest it is to obstruct and even openly prevent these positive efforts. It is our duty to prevent and eliminate these extremists, because their existence and activities only serve the aggressor and weaken our position.

Further (?consolidation) of the situation and relations in the Federation in our view means above all a step closer to peace. However, if the war option continues to be imposed on us, then this is a precondition for our successful resistance against aggression.

Esteemed Deputies, before this parliament are proposals on which it must decide with much prudence, tolerance, and political responsibility. By adopting the Constitution of the Federation and supporting the Washington Agreement, this assembly has already demonstrated these qualities. I believe that the executive bodies that will be elected and appointed at this session will have the same attitudes toward their future duties. This particularly refers to the peace process; the strengthening of the defense forces for the struggle against the aggressor; the speedy establishment of other entities envisaged by the federal constitution, at all levels; the further consolidation of the situation on the territory controlled by the legislative branch; the creation of conditions for the survival of the population in areas particularly affected by the war; and especially the care for refugees and displaced persons, that is, the creation of conditions for their soonest return to the places and homes that they had to leave.

I appeal to you to contribute with your decisions to the even more resolute and successful realization of these principles that are of vital importance for every individual, every family, and all peoples in Bosnia-Herzegovina. Thank you. [applause]

Ganic Sees Federation Fighting Serb Fascism

AU3105130394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0948 GMT 31 May 94

[Speech by Ejup Ganic, vice president of the Bosnia-Herzegovina Federation, at the session of the Constituent Assembly of the Bosnia-Herzegovina Federation in Sarajevo on 31 May—live]

[Text] High house, esteemed deputies and representatives! I thank you for the trust you have shown in me.

My vision of the federation of the Bosniak and the Croatian peoples in Bosnia-Herzegovina has always been a positive one. For me, beside other things, the federation means the inescapable and as rapid as possible closure of all trenches between the forces of the Croatian Defense Council [HVO] and the Bosnia-Herzegovina Army. The federation means the opening of all communications for free passage of goods, people, and capital. The federation means the return of each exiled person to his own home. The federation means directing our armed forces and all other antifascists forces against the Serbian fascism if a just peace cannot be achieved through negotiations. The federation means the reanimation of the transportation and economic backbone, from Brcko to Neum and from Capljina to the Usora River. The federation is the best guarantee for the preservation of the internationally recognized borders of our country. The establishment of the federation is the biggest strategical defeat of the Serbian fascism. This is a Stalingrad of the idea of Greater Serbia.

The federation means the normalization of all relations between our country and the Republic of Croatia and their joint international economic cooperation with a

great number of countries who are Bosnia's friends. The federation is a joint historic interest and, let us be frank, also a marriage of convenience. Marriages that are based on joint interests, as experience shows us, are stable, long-lasting, serious, and prosperous.

Gentlemen, deputies and representatives! I feel the need to also issue a message to the part of the Serbian peoples who stood for the Serbian fascism, that is, to the so-called Karadzic's Serbs. My message to them is: Condemn the crimes, return whatever is not yours, and join the federation. Learn to respect human rights, organize your cantons to suit the norms of the civilized world if you want to be a part of it. Do not plan on bringing up your children on foreign soil, in foreign homes, on foreign property. Those who base their future on seized property do not have a future. [applause] For this reason, the leaders of the czarist Serbian Democratic Council are, en masse, buying villas for their children in Cyprus. Remember that any type of fascism has always been defeated. This was my message.

Gentlemen, deputies and representatives! Wars, sorrows, fires, occupations, [word indistinct], and horrors of all sorts have ravaged this suffering country of Bosnia. However, Bosnia has always survived and, as they say, defiant with dreams, it has always resurrected more beautiful and proud than before. On us, gathered in this hall, the resurrection of Bosnia greatly depends.

Finally, I would say something entirely personal, with your permission. Whenever I am entrusted with a responsible and difficult task, I remember my deceased mother and father who taught me to do any job thoroughly and finish it. Thank you! [applause]

Karadzic Stresses Conditions for Negotiations

LD2905145294 Belgrade TANJUG Domestic Service in Serbo-Croatian 1225 GMT 29 May 94

[Excerpts] Novi Sad, 29 May (TANJUG)—Radovan Karadzic, president of the Srpska republic, spoke in Novi Sad today in the capacity of president of the Serb Democratic Party of Serb lands. He said that the Serb side would not condition the talks on the end of hostilities on the lifting of the sanctions against the FRY [Federal Republic of Yugoslavia].

We would like to see peace, even for four months, in order to save the lives of many young Serb and Muslim men, said Karadzic at a news conference.

We will not set any conditions for the talks on the end of hostilities, but the conference cannot start until the Serb side is guaranteed an equal status, which implies that something should be done about the sanctions and that the pressure and threats of the international community should cease, stressed Karadzic. These are the minimum conditions that should show whether the international community wants peace or not.

Karadzic said that some circles in the United States would prefer the sanctions to peace and that some circles in the United States maintain "pro-Iranian positions" waging this war via a mediator.

We believe that the talks about percentages of Bosnian territory should be abandoned because they do not reflect the structure and quality of these territories. We could accept 49 percent of former Bosnia-Herzegovina's territory, but in that case they [Bosnian Croats and Muslims] should give us Tuzla and Sarajevo, said Karadzic.

Given that two states are being created in former Bosnia-Herzegovina, one must take into account the fact that they should be capable of functioning with enough resources, a good infrastructure and communications, believes Karadzic.

We are prepared in this respect to honor the rights of Croats and Muslims and those of their federation, but we demand the same in return—that our borders can be defended in case we become enemies again, and that our territories are compact, stressed Karadzic. [passage omitted]

It is quite clear, said Karadzic, that the international community accepted the fact that the Srpska republic already existed in former Bosnia-Herzegovina's territory and that it will be recognized, while the remaining territory will be one state—a federation of Muslims and Croats—or possibly two states if the federation fails.

In Karadzic's opinion, this is the greatest achievement of the four-month political struggle of the Serb people and he believes that it would have been better both for Bosnia-Herzegovina and for The Former Yugoslav Republic of Macedonia to have remained in Yugoslavia. If the international community fails to stop the Muslim offensive, the Serb army will, at a given moment, launch a counteroffensive, warned Karadzic.

If our enemies decide that the conflict should be resolved by military means they must realize that they will get as many territories as they succeed in taking—which means almost nothing. If however, they opt for a political solution then we Serbs will have to cede some of the territory, but in this case the war must stop at once, said Karadzic categorically. [passage omitted]

Croatian National Council Opposes Division

AU3005150194 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 30 May 94

[Text] The Croatian National Council of Bosnia-Herzegovina at today's meeting again expressed its full support for the Washington Agreement, the Vienna talks, and the Constitution passed by the Federal Assembly.

The Croatian National Council does not see the federation as a transitional phase that threatens to divide Bosnia-Herzegovina in recognition of the results of the

genocide, but as a departing point for the preservation of territorial integrity and the sovereignty of Bosnia-Herzegovina within internationally recognized borders. In this sense, the Croatian National Council categorically rejects any kind of negotiations about a corridor through the Bosnian Sava Basin because this fundamentally undermines the federation and the integrity of Bosnia-Herzegovina.

The Croatian National Council is also opposed to the division of the territory at the ratio of 51 to 49 because in this way the greater parts of the Bosnian Sava Basin, Bosnian Krajina, the Jajce region, and others where the Croatian and the Bosniak majority had existed would be lost to Bosnia-Herzegovina.

The Croatian National Council of Bosnia-Herzegovina [word indistinct] deputies of the Croatian and Bosniak peoples, to—keeping in mind their political and historic responsibility before their own people—deny their voice to the solutions that would run contrary to the Croatian National Council's abovementioned stance or the results of the 1990 and 1992 elections, which bind them to the preservation of Bosnia-Herzegovina on the basis of equality of the three constituent peoples.

Assembly Endorses Agreements

LD2805224594 Zagreb Radio Croatia Network in Serbo-Croatian 2020 GMT 28 May 94

[Excerpt] The chamber of deputies of the Croat republic of Herceg-Bosna at its session in Mostar today endorsed the Washington and Vienna Agreements, assessing them as being a historical necessity, but also as being an acceptable solution for the Croat nation. The deputies concluded that by their consistent implementation, and through the confederation of Bosnia-Herzegovina and the Republic of Croatia, equal rights and survival of the Croat nation in Bosnia-Herzegovina are being secured. Zdenko Vranjes has a report on other conclusions reached by the chamber of deputies of the Croat republic of Herceg-Bosna:

[Begin Vranjes recording] In addition to its support for the Vienna negotiations, following a day-long discussion, the chamber of deputies instructed the deputies of this chamber who are to be present at the constitutive assembly session of the Bosnia-Herzegovina federation in Sarajevo on Monday [30 May], to vote only for the election of the president and the vice president of the federation in line with the Vienna Agreement, while other decisions on the agenda should be voted for only if they are in accordance with the adopted constitution of the federation.

This conclusion was endorsed in order to postpone the adoption of a law on the federal government, because deputies who took part in the discussion said that the draft law was not completely coordinated with the adopted constitution. Therefore, the deputies were advised to discuss the draft law at the constitutive assembly session on Monday and return it to be further coordinated with the constitution.

Even though the agenda of the constitutive assembly session on Monday does not include the decisionmaking on the final cantonal set-up of the federation, the chamber of deputies, in addition to its positive assessment of this part of the Vienna Agreement, instructed the deputies, when making a decision on this issue, to take into consideration all constructive proposals, opinions, and suggestions of the Croat people voiced at the session today.

The chamber of deputies endorsed a stand of the leadership of the Croatian Democratic Union of Bosnia-Herzegovina that was presented in the discussion today that scope and opportunities still existed for making alterations to the agreed maps of cantons.

All these conclusions, even though read out, were not formally endorsed because Mostar was left without electricity this evening and the session was wound up for that reason.

Before that, the chamber of deputies positively assessed the work of the Bosnia-Herzegovina Government so far, as it was said, given the conditions under which it has been working.

The deputies decided that the Defense Ministry and the main HVO [Croatian Defense Council] headquarters should begin demobilization, advising the government to invest more effort into the reconstruction of the economy. [passage omitted] [end recording]

Qualifies Backing of Federation

AU2905173194 Paris AFP in English 1719 GMT 29 May 94

[Text] Zagreb, May 29 (AFP)—The self-declared Bosnian Croat parliament has given qualified backing to an accord providing for a Moslem-Croat federation in Bosnia, the Croatian news agency HINA said Sunday [29 May].

At a meeting Saturday in the southern Bosnian city of Mostar, the parliament endorsed the federation plan as an "historic necessity" dictated by "internal and foreign policy realities." But it made its backing subject to the Croats in Bosnia being afforded equal rights and the federation being liked in a confederation with Croatia. Croatian Defence Minister Gojko Susak, who attended the assembly's debate, said "without a confederation, there can be no federation."

The meeting came ahead of a session in Sarajevo on Monday of a constituent assembly to elect a Croat president, a Moslem vice-president and a Moslem prime minister for the federation in accordance with an agreement reached May 11 in Vienna.

Under the latest international peace plan for Bosnia, the federation is to cover 51 percent of Bosnian territory.

The Moslems and Croats have said they want 58 percent. The Bosnian Serbs currently hold 70 percent. The Vienna accord foresees the creation of four Moslem, two Croat and two mixed cantons. The mixed areas in central and southern regions of the country will be jointly administered, but this has upset local Croats, especially in Mostar. Croat inhabitants complain the canton including Mostar includes the Catholic pilgrimage site of Medjugorje.

Croatian President Franjo Tudjman has said Mostar should underline its Croat identity. "Mostar should be the home of the main Croat institutions. It should have a Croat university, a Croat theatre, a Croat fotball club." The Croats also want to keep their Croatian currency, the kuna, in Bosnia as added evidence of their ethnic identity. The federation accord provides for a Bosnian federation currency under central government control.

Izetbegovic Briefs Press on SDA Meeting

LD2805202294 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 28 May 94

[Text] Following the completion of the work of the Main Committee of the Party of Democratic Action [SDA], Party Chairman Alija Izetbegovic made the following statement for public information media:

[Begin Izetbegovic recording] A session of the SDA Main Committee has just ended. There were 124 people in attendance, who were not only members of the Main Committee; there were a number of deputies to the Bosnia-Herzegovina Assembly, a session of which will be held on 30 May. There was also a number of...[pauses] They are [word indistinct] members of the proclamation (?of the 40); that is the proclamation that was issued on 27 March 1990 in the same room where today's session was held.

The Main Committee was convened at this time for two reasons: First, to mark four years of work of the party whose founding assembly was held precisely four years ago, on 26 May 1990. Second, to prepare our stances for the upcoming session of the Bosnia-Herzegovina Assembly which is to begin on Monday. Regarding the first issue—marking the anniversary—as you can see, there have been no celebrations. We do not believe it is appropriate to have celebrations at this time. Everything ended in [words indistinct] to put it in that way, and [word indistinct] for those missing and killed. Killed soldiers and [words indistinct]. Regarding the other issue, preparations for the assembly, I can say that our attention was focused on three topics: First, the Vienna negotiations that have just concluded, then talks in the south of France, in Talloires, and finally our candidates for the post in the future federation of Bosnia-Herzegovina. This coincides with the agenda for the Assembly session.

Speaking about the Vienna Agreement, support was given to the conclusions reached in Vienna. [Words indistinct] pessimists who thought that it would be impossible to implement the (?Washington) and Vienna Agreements have been proved wrong. A big step has been made toward solving some of the delicate issues, primarily the maps of the cantons that were the main problem, and the problem of sharing the positions in the federation. Hence, congratulations to the delegation, the three people who went to Vienna—Silajdzic, Ganic, and Bicakcic—on the work they did in Vienna and in the French town of Talloires.

As is known, this second meeting in France dealt with relations with the Serbs in Bosnia-Herzegovina, practically with the external borders of the future federation (?within a unitary) Bosnia-Herzegovina. We can say, this is the conclusion of the Main Committee, that the meeting achieved what was expected. The meeting was not part of the negotiations, but—let me say—it was a mutual testing ground. Our people went there without [words indistinct], and I think that they came back better informed [words indistinct].

Finally, speaking about candidates, I put forward a proposal, which was accepted, that our candidates for the two key positions in the future federation—vice president and prime minister—be Ejup Ganic for the position of vice president and Haris Silajdzic for the position of prime minister.

Finally, I can say that today [words indistinct] my personal impression is that is was very useful. That was an open (?point of the agenda) during which members of the Main Committee who came from Germany, Croatia, and all parts of Bosnia-Herzegovina could put forward their impressions about the situation among our people in Germany, which some people call Bosnia-Herzegovina's big canton because there are about 200,000 to 300,000 of our people there. We heard very interesting comments about our [word indistinct] there and about the work of the party. Many topics were addressed and discussed in that context. This is all I can tell you for the time being. [end recording]

Krajisnik: 'Nothing New' Achieved in Talloires

AU2605200894 Belgrade Radio Beograd Network in Serbo-Croatian 1700 GMT 26 May 94

[Text] The offers conveyed to us by the members of the contact group that concerned the territorial division were not meant to impose a solution, but to merely mediate. This is what Momcilo Krajisnik, chairman of the peoples' assembly of the Srpska republic, stated for the SRNA news agency after the talks with the contact group for former Bosnia-Herzegovina in the French town of Talloires.

According to him, during this meeting the Serbian negotiating team pointed at the harmful effects of the provision that stipulates the territorial division of 51 against 49 percent and emphasized that this cannot be discussed in advance. We believe that percentages, without taking into account the quantity and the quality of territories, mean nothing. The members of the contact group

acknowledged this with understanding, Krajisnik pointed out. He added that nothing qualitative and new has been accomplished regarding the finding of a solution to the crisis.

It is also characteristic of this meeting, Krajisnik specified, that the members of the contact group wanted to hear new ideas and proposals of the Serbian side to convey them to the governments of their countries. We have pointed at the problems that we have been encountering lately and the Croatian and Muslim side not being willing to accept the end of hostilities, which definitely increases tensions on the territory of the former Bosnia-Herzegovina, Krajisnik emphasized and added:

We are encouraged by the fact that the contact group has acknowledged our view that the most important task is to end hostilities. The group has promised to mediate for as quick as possible establishment of peace with the Muslims and the Croats.

In the opinion of the chairman of the assembly of the Srpska republic, the meeting in Talloires can under no circumstance be called negotiations, bearing in mind the platform of the peoples' assembly of the Srpska republic according to which there can be no continuation of the talks until the Serbian side has received an equal treatment and the sanctions have been lifted.

We will need to invest many more efforts as there is a difficult battle ahead of us before the final solution. The differences in opinions are great and, with some of their radical statements, the Muslims are making the achievement of the final agreement more remote, Krajisnik said after the talks in Talloires, SRNA reports.

Sees Possible Escalation of War

LD2705215894 Belgrade TANJUG Domestic Service in Serbo-Croatian 2002 GMT 27 May 94

[Text] Sarajevo, 27 May (TANJUG)—Momcilo Krajisnik, president of the Srpska republic's national assembly, said that the participants in the Talloires meeting examined the positions and stands of the sides in the Bosnian conflict and noted the problems, that opinions were exchanged, and that "the complete material will nevertheless, be reviewed at the conference on former Yugoslavia, also attended by cochairmen Owen and Stoltenberg."

Summing up the two-day talks in Talloires at this evening's news conference for domestic reporters, Krajisnik also said: "We specifically discussed western and eastern Bosnia and the Posavina issue, and we elaborated on the vital importance of these regions for the Serb population in Bosnia."

"The fact that the Muslims want to acquire huge chunks of western Bosnia and the entire Posavina region remains a bone of contention. They want to include the Sanski Most, Prijedor, Kljuc, Doboj, Brcko, Zvornik, and Visegrad areas in the so-called gray zone that will be undefined and whose status will be resolved sometime in the future," Krajisnik said, and added: "We objected that sheer quantity meant nothing and that 1 percent of Tuzla or Sarajevo was worth more than 3 percent of some other territory. There were no definitive conclusions, so the Contact Group will have a hard time finding adequate solutions," he believes.

Krajisnik believes that the most important effect of the negotiations was produced by the Contact Group's genuine desire to broker a lasting cessation of hostilities, although he voiced his skepticism regarding the finding of a political solution by the present participants represented in the Contact Group.

"We were informed that the Muslim delegation was rejecting all offers, demanding a large percentage of the territory, and constantly laying claims to the whole of Bosnia-Herzegovina, which only makes chances for a peaceful resolution more remote," Krajisnik said.

"We clearly said and explained that we had vital interests in the regions of eastern Bosnia, Posavina, and parts of Sarajevo and I think that our position was fully appreciated, so I could say that the Talloires meeting was successful, because we also had a series of individual meetings with members of the Contact Group," Krajisnik said.

"The Contact Group members did not bring a map to the meeting, so we worked on territorial issues in segments, although the Muslim demands were perfectly clear to us. I do not know whether any solutions will be imposed, but we unambiguously made it known that we will not accept any imposed solutions. It should be determined in the case of disputed territories whose interests are greater in relation to the disputed territory," Krajisnik said, stressing that no pressure had been exerted on the Serb delegation this time.

The Srpska republic's national assembly president underlined that the Serb delegation had informed the Contact group about the current Muslim offensive, emphasizing that the Muslim side was warned that the Serbs will defend themselves and respond to attacks by launching counteroffensives, but the lasting orientation of the Bosnian Serbs was the establishment of a cessation of hostilities.

"The international community, however, is not unanimous in the desire to stop the conflict in former Bosnia-Herzegovina," Krajisnik said. "They forced themselves into adopting a unified stand, but this has already proved to be a sham because certain important factors are not in favor of the peace option, although there are countries strongly advocating an end to the war. The Muslims are exploiting this, they are behaving arrogantly, completely unrealistically, and they are resorting to blackmail as if the entire international community was on their side.

"My impression is that the Muslims do not want the war to end, which could certainly result in an escalation of

the conflict," Momcilo Krajisnik concluded at this evening's news conference for domestic reporters.

Serb Forces Take Back Cannon Under UN Control

AU3105114494 Paris AFP in English 1121 GMT 31 May 94

[Text] Sarajevo, May 31 (AFP)—Bosnian Serb forces seized back control of a cannon that was under UN supervision in the exclusion zone around Sarajevo "in violation" of the NATO ultimatum, a UN military spokesman said Tuesday. The 105-mm. artillery gun was at a site where heavy weapons had been rounded up in Krivoglavci, in a Serb-controlled zone northwest of Sarajevo, said Major Rob Annink, spokesman for the UN Protection Force (UNPROFOR). The site was a designated "weapon collection point" within the 20 kilometer (12-miles) exclusion zone for heavy arms imposed by the North Atlantic Treaty Organization around the capital, he said.

UNPROFOR "immediately" contacted the Bosnian Serb military headquarters in Lukavica, a southwestern Sarajevo suburb, which said the cannon had been taken Monday at "the initiative of a local commander," according to the major. The Serb command said they would investigate the incident. A UN forces patrol noticed the weapon was missing early Monday evening. "It's a violation of the ultimatum" ordered by NATO to neutralize the Sarajevo zone under threat of air strikes. He also said that UNPROFOR was trying to consolidate the number of weapon collection points to facilitate monitoring.

In another incident, Serb forces Tuesday were holding five people including a UN employee they detained around midday Monday at a Serb checkpoint at Kasindolska on the road to Sarajevo airport, the major said. He said UNPROFOR was negotiating to try to obtain their release, identifying the other four as a local employee of the UN High Commissioner for Refugees (UNHCR), and three local people with "a press card."

The situation was unchanged in the rest of the country, with fighting continuing in the Travnik region in western Bosnia where the mainly Moslem Bosnian army was trying to take control of a strategic Serb-held hill overlooking the city, the Vlasic plateau. "We have reports of fierce artillery fighting in the area of Donji Vakuf and Prusac," southest of Travnik, the spokesman said. Annink said there were also reports of eight shots from Serb tanks in the area of the strategic Brcko corridor against the village of Brka, a Bosnian Moslem position to the south. The Serbs are trying to gain control of the corridor, barely three kilometers (1.5 miles) wide at its narrowest point, to link territories they have won in Croatia and northwestern Bosnia with their conquests in eastern Bosnia right up to Serbia. Fighting was also reported in Mostar in the south.

On Monday, UNPROFOR said the UN-controlled Tuzla airport in the northeast was shelled as Serb forces counter-attacked in northern Bosnia in a bid to halt a push westwards by the Moslem-dominated Bosnian army. In Gorazde, southeast of the capital, UN workers are still facing "restrictions" of their freedom of movement in certain areas inside the 20-kilometer exclusion zone around the city. Shots were fired at a team of UN engineers there without anyone getting hurt, but the source of the fire could not be determined, the spokesman said. A UNHCR spokesman said no aid convoy had yet managed to reach the southern part of the Moslem enclave at Bihac in the west since May 17.

Tuzla-Dubrave Airport Under Heavy Shelling

AU3005135294 Paris AFP in English 1259 GMT 30 May 94

[Text] Tuzla, Bosnia-Herzegovina, May 30 (AFP)—Bosnia's Tuzla-Dubrave airport, which is under UN protection, came under heavy shelling Monday [30 May], a United Nations Protection Force (UNPROFOR) officer said.

"We're being shelled, we're on red alert and everyone is in the shelters," the duty officer at the airport, some 20 kilometres (12 miles) south-east of the town of Tuzla, told AFP by telephone.

The attack began a litle before 2.00 P.M. (1230 GMT), the schedule time of arrival for one of two daily UNPROFOR flights into the airport.

Further on Airport Attack

AU3005163994 Paris AFP in English 1612 GMT 30 May 94

[Text] Sarajevo, May 30 (AFP)—The UN-controlled Tuzla airport came under heavy shellfire Monday as the UN reported Serb forces counter-attacking in north-central Bosnia in a bid to halt a push westwards by the Moslem-dominated Bosnian army. A spokesman for the UN Protection Force (UNPROFOR) contacted by telephone said the airport was hit twice by large calibre shells, though there were no reports of casualties or damage. "We're being shelled, we're on red alert and everyone is in the shelters," the duty officer at the airport, some 20 kilometres (12 miles) southeast of Tuzla, in northeastern Bosnia, told AFP by telephone.

Although UNPROFOR did not say which side was responsible for the attack, a military source told AFP: "The Serbs said Monday [30 May] morning that they could not guarantee safety at the airport today." Meanwhile, in a statement issued in Zagreb, UN special envoy Yasushi Akashi condemned the "raising of military tension" in the area of the Posavina corridor, a strip of Serb-controlled territory running across northern Bosnia.

Exchanges of fire at the end of last week appeared to have originated from Serb-controlled areas south and

southeast of the Orasje pocket, UNPROFOR said. Bosnian Croat and Bosnian government forces then replied by shelling Brcko, which was already the target of shelling between 10 and 23 May, it went on. The targetting of civilian sectors is "a crime under international law and must cease," Akashi warned.

Some 30 kilometres (20 miles) east of Tuzla, the Serbs have launched a major offensive, Colonel Ekrem Avdic, spokesman for the Bosnian Army Second Corps, said. In the north-central region around Tesanj and Teslic, Serb forces are trying to regain ground lost during a Bosnian army offensive south-west of Tesanj, UNPROFOR's Sarajevo spokesman Major Rob Annink said. Over the past week, the Bosnian army captured all the heights overlooking the Serb-controlled town of Teslic, Annink said. The Serbs began "retaliating with artillery on civilian areas" on Sunday [29 May], he added. Annink said government commanders had concentrated troops in the region over the past weeks in preparation for an offensive. Their objective appeared to be to take over the Vlasic plateau which dominates Travnik in order "to control the road to Donji Vakuf and probably move downwards" to the south, he said. Serb forces were also counter-attacking about 80 kilometres (50 miles) south of the region, around Turbe and Travnik, Annink said.

General Rasim Delic, commander in chief of Bosnian armed forces, told a local daily recently that he thought conditions were ripe for liberating seven towns, including Teslic and Donji Vakuf. In north-eastern Bosnia, the Serbs are "using artillery and tanks," with the probable objective of cutting the road to Teocak, said Avdic, who was speaking in Tuzla. Teocak, a village devasted by the fighting, is at the extreme north of the "Sapna finger," a sector controlled by the Bosnians which commands access to the Posavina corridor.

Control of the Posavina corridor, barely three kilometres wide at its narrowest point, allows the Serbs, via the town of Brcko, to link the territories they have won in Croatia and northwestern Bosnia with their conquests in eastern Bosnia right up to Serbia. "The enemy is concentrating troops in the region of Posavina. We think they are going to try something because they don't want a political agreement," Avdic said. Akashi last week called the Bosnian government and Serb sides to peace talks Thursday and Friday in Geneva.

Tank Shells Fired

AU3105145094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 31 May 94

[Excerpt] At about 1400 today, eight tank shells were fired on the broad region of the Dubrave airport [near Tuzla] from the Chetnik positions in Citluk and (?Acino) Brdo. At that time a UN plane was landing on the runway. There is no information on the damage. This was reported by the Information Service of the 6th Operations Group Istok-Zivinice. [passage omitted]

Fighting for Access to Gradacac Continues

AU3105091194 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 31 May 94

[Report by the Information Service of the 207th Knightly Motorized Brigade]

[Text] Since 0430 Gradacac has been [word indistinct] explosions [words indistinct] and Barice. From all directions and all types of arms the aggressor has been literally showering the defense lines and the settlements on the free territory. It is hard to distinguish and enumerate all the chetnik strongholds from which mortars, tanks, guns, and howitzers are [word indistinct] destructive projectiles of the largest calibers.

From Gornje Krecane 82-mm and 120-mm mortars and two tanks are attacking toward Novalici, while 155-mm howitzers fired more than 20 grenades at the town center. These attacks are still under way.

There is no peace in Pozarike, Begov Konak, [word indistinct], and Jukici. The positions of our defenders are under constant attacks from antiaircraft machine guns, antiaircraft guns, mortars, and all types of infantry arms. (?The newly arrived) forces of the Serbian aggressor [words indistinct] their tasks, however, they do not dare to attack with infantry. Demonstration of power with the artillery attacks on civilian targets is characteristic of the criminals of the Karadzic's army.

At the time of sending this report, battles on the access roads to Gradacac continue. The enemy has so far fired more than 400 projectiles and the day that is dawning is bringing new uncertainties that are probably characteristic only for this battlefield. For the time being we hold no information on possible casualties and injured. The lines are firm and stable.

Serbs Using Chemical Agents in Attacks

AU3105143594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 31 May 94

[Report by Rahija Mesic from the Press Center of the 7th Army Corps]

[Text] [words indistinct] tanks, the Chetniks in this region are also using chemical agents in order to lessen the combat strength of our units. After they had used chemical agents several times, they launched infantry attacks, which, as in the past, were futile and unsuccessful. Unable to realize their intentions, the Chetniks shelled civilian facilities according to their old scenario, though not as intensively as in the past few days.

The aggressor has used all the available weapons in the offensive on our defense lines. Fresh forces are coming from the so-called Yugoslavia. This is evident from the mobilization calls sent via the aggressor's media. The media reports that brothers from Nis will help (?these) Serbs in liberating Serbian territories. To what extent the aggressor considers important the regions of Bugojno,

Turbe, and Vlasic is evident from the fact that it has issued mobilization calls to women. The Serbian media is devoting most space to appeals for blood donors. This is the best illustration of the losses that the Golden Lilies of the 7th Corps of the Army of the Republic of Bosnia-Herzegovina have inflicted on them.

UN Says Muslim Offensives Triggering Clashes

LD2705235894 Belgrade TANJUG in English 2234 GMT 27 May 94

["Pool item"]

[Text] New York, May 27 (TANJUG)—Bosnian Moslem offensive operations in central and northern Bosnia have triggered clashes with the Serbs in the areas of Maglaj, Olovo and Gradacac, U.N. spokesman for peacekeeping operations Fred Eckhard said at a regular press briefing on Friday.

There is fighting also around Bihac in the west, where Serb forces are supposed to be attacking, Eckhard went on to say.

He explained that talks were still in progress on the withdrawal of Bosnian Serbs from the exclusion zone around Gorazde in the southeast, but so far without any concrete results. He noted there was no deadline or ultimatum for the withdrawal.

Earlier this year, Moslem forces had mounted a strong offensive from Gorazde, which should have been demilitarized a year ago together with five other U.N.-designated safe areas in Bosnia. When the offensive was on the verge of collapse, the international community stepped in and ordered air strikes against the Serbs.

Bosnian Moslem ambassador to the United Nations Muhamed Sacirbej has written to the U.N. Security Council, accusing Secretary-General Butrus Butrus-Ghali of putting an equation mark between the Bosnian Moslems and Serbs.

Sacirbej took exception to Butrus-Ghali's blaming both the Serbs and the Moslems for failing to honour their undertakings in connection with the safe area of Gorazde, and called for bombing the Serbs who he said understand only the language of threats and force.

Sacirbej explained that the cease-fire agreement for Gorazde, reached in Belgrade in mid-April by Bosnian Serb President Radovan Karadzic and the U.N. secretary-general's special envoy Yasushi Akashi, was not binding on the Moslem side which had not taken part in the talks.

Muslims in 'All-Out Offensive' Near Tuzla

LD2705132494 Belgrade TANJUG Domestic Service in Serbo-Croatian 1219 GMT 27 May 94

[Text] Bijeljina, 27 May (TANJUG)—It has been learned from the press center of the eastern Bosnian corps of the army of the Srpska republic that Muslim forces launched an all-out offensive on Mt. Majevica this morning.

From the direction of Drijenca, Humci, Nahvioci, Brnik, Vrazici, and Teocak, Muslim forces launched an artillery attack on Serb positions and civilian targets in Priboj, Vukosavci, and Lopare. A tank attack was launched around 0900 and about 100 shells were fired on these targets. A school, a church, and a farm in Priboj were attacked by Muslim forces and two civilians were wounded.

At around 1000, Muslim forces supported by heavy artillery launched an all-out infantry attack on Banj Brdo, Stolice, Piperi, and Spasojevici. The Serb defense forces energetically repelled the completely unprovoked attack and inflicted huge losses upon the enemy.

Being unable to launch an infantry breakthrough, in the early afternoon the Muslim forces started shelling Banj Brdo, Stolice, and civilian targets around Lopare.

The defense lines have not changed and there have been no casualties among the Serb fighters.

Muslims Aided by 'Mercenaries'

LD3105150294 Pale Srpski Radio-Televizija Studio Sarajevo Radio in Serbo-Croatian 1300 GMT 31 May 94

[Text] The heaviest fighting in former Bosnia-Herzegovina in the past 24 hours was on the Donji Vakuf [Srbobran] front where Muslim forces are trying to break through the defense lines of the Srpska republic. Slavisa Zabic reports:

[Zabic] The strongest offensive of the Bugojno Muslims so far has been going on for three days now. Hundreds of shells of all calibers have hit villages around Srbobran and the city itself, in which civilian targets came under fire today. Very strong and exceptionally well armed Muslim forces, accompanied by—as Serb military sources report—many foreign mercenaries yesterday captured Serb villages on the Goles plateau on Mount Komar and razed them to the ground. Today however, the Serb fighters are repelling the assaults by Izetbegovic's extremists, the most powerful so far on the Srbobran battlefield. Both sides have many dead and wounded in the fighting which is gaining impetus hour by hour.

In addition to Srbobran, the final aim of the Muslim offensive on this part of the battlefield of the Srpska republic is Jajce. This is why a fresh regrouping of the enemy forces was observed today on roads west of Bugojno.

Army Commander Views Situation in Posavina

LD2905143094 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 29 May 94

[Excerpts] [Announcer] Members of the Council of Bosnian Posavina, deputies from that area, and members of the Croat National Council of Bosnian Posavina

had a meeting in Sarajevo today. Army General Rasim Delic, commander of the supreme command headquarters of the Bosnia-Herzegovina Army, spoke about the current military (situation) in Bosnia-Herzegovina and Bosnian Posavina. Mladen Bosnjak has a report.

[Bosnjak] As Rifad (Semulabegovic), president of the Council of Bosnian Posavina, said in an introductory speech, the aim of the meeting of people from Posavina is to adopt conclusions on the eve of tomorrow's session of the Bosnia-Herzegovina assembly. They want to define the relationship of the federation's assembly with Posavina. [passage omitted]

At the beginning of his speech, Army General Rasim Delic stressed that the balance of military power in Posavina is such that the aggressor, although technically incomparably superior, cannot do much to change the front lines. Regardless of the possibility of winning, Bosnia-Herzegovina Army units will not launch attacks on the technically superior aggressor and sacrifice its' people. However, they will use any opportunity to capture territory that is strategically very important for the Bosnia-Herzegovina Army. He gave examples of having captured the strategically important locations such as Vijenac on Mt. Ozren and some locations on Mt. Vlasic. Speaking about the military aspect of severing the corridor near Brcko, Mr. Delic said:

[Begin Delic recording] The army headquarters has made an official statement, I hope that our political bodies will uphold it, that if the Security Council discusses the protected area it will only speak about the protected zone of the free territory of Brcko, not of Serb-held Brcko. To protect Brcko is to protect the occupation. The deployment of the observers on the Serb side is a trap for us because they will monitor our activities. They wanted to ensure that if we start attacking, then we will be accused. [passage indistinct]

Yesterday I had specific talks with Croat General Petkovic to see what interest the HVO [Croatian Defense Council] has to take part in [word indistinct] Bosnian Posavina. Bosnian Posavina does not belong only to the Muslims or the Bosnia-Herzegovina Army.

In the Bosnia-Herzegovina Army there are Muslims as well as people of other nationalities. We must find common ground. [passage omitted] [end recording]

Churkin Meets With Leaders in Zagreb

LD3005181194 Belgrade TANJUG in English 1751 GMT 30 May 94

["Pool" item]

[Text] Moscow, May 30 (TANJUG)—Russia's special envoy and Deputy Foreign Minister Vitaliy Churkin is in Zagreb at the start of a new mission aimed at settling the conflict in former Yugoslavia. As announced in Moscow, Churkin is to meet with members of the Croatian leadership in Zagreb on Monday to discuss the implementation of a Russia-brokered agreement on a cessation of hostilities between Croatia and the Republic of Serb Krajina. They are also expected to discuss the situation in war-torn Bosnia-Herzegovina and other issues regarding the settling of the conflict in former Yugoslavia.

On Tuesday, Churkin is expected to leave for Belgrade, where he will meet with Serbian President Slobodan Milosevic to discuss the finding of a settlement for the Bosnian conflict.

Churkin is in Zagreb and Belgrade on the eve of a meeting scheduled for June 2-3 by U.N. special envoy for former Yugoslavia Yasushi Akashi. The Russian envoy wants to check once again Belgrade's and Zagreb's stands on the Bosnian crisis. Over the past few days Churkin has on several occasions criticized the Bosnian Moslems for their attacks on Serb positions in Bosnia.

A ranking official at the Russian Foreign Ministry told the Russian Interfax agency on Monday that special importance was being attached to Churkin's current mission because it comes after the failure of the meeting between the international "contact group" for Bosnia-Herzegovina and the representatives of Bosnia's three warring sides.

The official said the declaration released at the Geneva meeting of the foreign ministers of the European Union, the United States and Russia on the territorial division of Bosnia-Herzegovina according to which the Bosnian Serbs should get 49 per cent and the Croat-Moslem federation 51 per cent of the territory of that former Yugoslav republic—was still effective.

Russian sources claim that such a proportion will most probably be accepted both by the Croat and the Moslem side, but the main problem will be the "quality" of the territories.

The Serbs, who are now holding 70 per cent of the territory of Bosnia-Herzegovina, are willing to give up a certain percentage provided that they do not lose anything of "quality".

UN Asked To Discuss 'Occupied Territories'

LD2705233894 Zagreb Radio Croatia Network in Serbo-Croatian 2200 GMT 27 May 94

[Text] The Republic of Croatia has requested that the situation in the occupied territories of the Republic of Croatia be added to the agenda of the 49th session of the UN General Assembly on 13 September. This was disclosed by the Croatian permanent mission at the UN, which has submitted a formal request to this effect to UN Secretary General Butrus Butrus-Ghali. The text of the request stresses that the efforts made by international mediators have so far produced no results that could be described as significant progress in implementing UN Security Council resolutions. By signing the Zagreb agreement Croatia has shown its readiness to resolve the problem of its occupied areas peacefully. But the Serb side—by refusing to resume the talks—is showing that it is not willing to accept the UN Security Council resolutions, while the Federal Republic of Yugoslavia is continuing and speeding up the silent integration of these areas into its state system, the official request by the Croatian mission says.

Opposition Threatens Early Elections

LD2705144694 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 27 May 94

[Excerpt] At a news conference today, the parliamentary opposition presented its plans for the negotiations to be resumed with the ruling HDZ [Croatian Democratic Union] on 31 May. Jasenka Dudic has the report.

[Dudic] We insist on the legality, democracy, and respect of the agreement, and the opposition will not back down on this because it believes that the legislative authorities must be an example in honoring those principles. However, the opposition is ready to make concessions, but it also has its own conditions. Drazen Budisa [chairman of the main opposition party, Croatian Social Liberal Party] had the following to say:

[Begin Budisa recording] We are ready to repeat the procedure in the Chamber of Counties from the point at which it was suspended. We are prepared to be flexible concerning appointments, but the repetition of the procedure in the Chamber of Counties would, of course, demand that everything revert to the initial situation in the Chamber of Deputies. The positive fact, which in a way indicates the HDZ's flexibility, is that they are also ready to pass a confidence vote in Mr. Mihanovic [new president of the Chamber of Deputies] in the Chamber of Deputies. [end recording]

[Dudic] The opposition believes that the HDZ will show flexibility in the future too, and that a solution will be found. Failing this, the opposition will resign from all its parliamentary posts. If the crisis continues, the opposition believes that early elections are becoming increasingly possible. The opposition stresses that, although it is ready, early elections are not its aim. It wants to solve the

parliamentary crisis in line with the Constitution, the code of practice, and the agreement. [passage omitted]

Foreign Minister Views Current Negotiations

AU3105095594 Zagreb VJESNIK in Serbo-Croatian 22 May 94 p 3

[Interview with Dr. Mate Granic, deputy prime minister and foreign minister, by Ivan Sabic; place and date not given: "In Vienna the Croats Supported a Joint Position"]

[Text] *Apart from being occupied with intraparty negotiations, which were mentioned in the first part of the interview (conducted yesterday), Dr. Mate Granic, deputy prime minister and foreign minister, has been involved in the negotiations on the reintegration of the UNPA's [UN Protected Areas] into the constitutional and legal system of the Republic of Croatia, and has been regularly present at the peace talks on Bosnia-Herzegovina. This part of the interview is dedicated to these talks and the meetings connected to their organization.*

[Sabic] You have recently met with Veljko Knezevic, head of the Office of the "FRY" [Federal Republic of Yugoslavia] in Zagreb. What was discussed at the meeting?

[Granic] Although it was our first meeting, many things were discussed. I clearly presented the Croatian positions regarding the issues of reintegration of the UNPA's, putting an end to the crisis in Bosnia-Herzegovina, and the need for a global solution. On the other hand, I explained why at this moment my visiting Belgrade is out of the question. Namely, before I would do so, there should be certain results in the negotiations with the Serbs and in the negotiations in Bosnia-Herzegovina, and some specific signals regarding these processes should come from Belgrade, too. I told him that our wish was to achieve peace, a peaceful reintegration of he UNPA's, and good-neighborly relations in the future, but all this will depend on the processes I have mentioned.

[Sabic] Mr. Knezevic has nevertheless announced your visit to Belgrade several times.

[Granic] My visit to Belgrade was agreed upon at the meeting with Zeljko Simic, deputy prime minister of the "FRY," but certain preconditions should be met for that to happen.

Optimism in the West

[Sabic] Last week you were in Geneva, where the meeting of foreign ministers of the United States, Russia, and five European Union countries was held. Was there any mention on the necessity of parallel resolving of the crisis in Bosnia-Herzegovina and the reintegration of the UNPA's in the contacts you had there?

[Granic] I discussed this with the U.S. State Secretary Warren Christopher, with German Foreign Minister Klaus Kinkel, and Bosnia-Herzegovina Prime Minister Haris Silajdzic.

[Sabic] What are their positions regarding the issue?

[Granic] Silajdzic fully supports this position, and we could say we also have the support of the United States and Germany, although they believe that the resolution to the crisis in Bosnia-Herzegovina is a much greater problem than the reintegration of the UNPA's.

[Sabic] However, certain optimism has appeared in the West regarding this great problem. Alain Juppe has stated that the next meeting of the seven foreign ministers could be the new opportunity for a decision.

[Granic] Optimism is necessary after this dirty war. At present certain optimism can be recognized in the fact that there is good coordination between the United States, the European Union, Russia, and United Nations, the main international forces. The announcement at the Geneva meeting leads to the conclusion that a peaceful solution will be found. There has been mention of a cease- fire and an agreement, and certain compromise dimensions have been presented. There has not been enough emphasis on what the quality of the territory offered to the Federation will be, or on the guarantees and mechanisms concerning the implementation, but the positive thing is that the talks are expected to begin late next week. The U.S. side directly informed us about that.

Percentages for the Croat-Bosniak Federation

[Sabic] These talks are considered secret to a certain extent; the public does not know much about them.

[Granic] This is up to the contact group that organizes the negotiations and the three sides that negotiate.

[Sabic] You have mentioned the quality of the territory for the Federation. However, the percentages are also questionable, as there is a difference between the Vienna agreement and the international community plan regarding the issue.

[Granic] The Vienna agreement on the external borders of the Federation was made on the basis of certain principles. First the principles were adopted, and only then the outer borders of the Federation, which, in compliance with these principles, include the territories in which the Croats and Bosniaks are the majority, which is 58 percent of the Bosnia-Herzegovina territory. With this the negotiating position of the Federation was made. Naturally, the Serb side also has its own negotiating position: In the negotiations its starting point is the proposal that the Federation be given 43 percent of the territory. The international community has suggested that it be 51 percent.

[Sabic] This is approximately the mean value.

[Granic] Yes. But it is important what the quality of the territory is, and if there are certain problematic areas about which it will not be possible to reach an agreement—whether they will be under UN control until the issue is resolved through arbitration.... Naturally, only the Federation can negotiate that. In the negotiations the Federation representatives will be on one side, and on the other will be the representatives of the Serbs of Bosnia-Herzegovina.

[Sabic] It was agreed in Vienna that two cantons would be formed with equivalent authorities, which is a great and, we could add, unexpected compromise. However, there are opinions that these are not the best solutions, and that they will not be able to facilitate peace, the return of the refugees, and the return to normal life. What is your opinion?

[Granic] First it should be emphasized that the Croat people in Bosnia-Herzegovina have always supported the preserving of Bosnia-Herzegovina as an integral, but decentralized country. This is the continuity of Croat policies in Bosnia-Herzegovina. On the other hand, it should be emphasized that the starting position of the Bosniaks was a unitary Bosnia-Herzegovina, the so-called civil state, that the Serbs wanted the division even before the war, and that in the war, with the help of the Yugoslav Army, they conquered about 70 percent of the territory, while the international community did nothing effective to stop this. Now there are certain realities within which the Croats departed from their concept the least, which is evident in the fact that now a decentralized federation exists. The cantons in central Bosnia and the valley of the Neretva River are a compromise, as you have said, and there are no losers there. It is very important that there are no losers!

These two cantons, connected by a purely Croat canton, and leaning on the Republic of Croatia, are, with all the constitutional provisions, an additional guarantee of the equality of the Croat people in the federation. It is possible to understand the fear, and the opposition of those who thought that annexation to Croatia was the only solution. For them it is a great change to live in the federation and be confederally connected to Croatia, which will be specifically defined only when the agreement with the Serbs is finalized. However, we should bear in mind that this is a model supported both by the Croat public and the whole world.

Ljubic and Pandzic Cooperated

[Sabic] What can be done to overcome the fear of the Croats who remain in these "parity" cantons?

[Granic] Their fears are realistic. We should therefore primarily consider how we can help the Croats in Bosnia-Herzegovina, especially those who had to leave their homes, how to return the refugees, help in the restoration.... It needs to be explained to the Croats there that Croatia will always be with them, that the Croatian corps in Bosnia-Herzegovina will be protected by constitutional guarantees, and that they will have international support. I prefer explanations and help to conflicts.

[Sabic] Before the Vienna negotiations there was much talk about sabotaging the agreement; certain Bosniak officials were openly accusing the Croat side of obstructing its implementation. Was this mentioned in the talks with the Bosniak representatives?

[Granic] Fear and resistance of individuals exist on both sides. However, there is great decisiveness on both sides, and there is also something that is called the total Croatian interest, which can be actualized through the Washington agreement, and that is why we have been fighting for its implementation. We are therefore in contact with the Bosniak side; we discuss all the practical issues, and issues such as those concerning the degree of the liberalization of entering Croatia, entering Bosnia-Herzegovina through Croatia, the situation with the refugees, the refugee aid to Croatia....

[Sabic] The ethnically mixed Bosnia-Herzegovina delegation was present at the Vienna talks. Ivo Komsic, Vlado Pandzic, and Mariofil Ljubic were in the delegation. What cooperation did you establish with them? Was the presence of Croats in the two delegations a sign of division in the Croat people in Bosnia- Herzegovina?

[Granic] Mr. Ljubic and Mr. Pandzic immediately went to the room in which the Croat delegation was, asking to be accepted as part of the Croat corps, and they were very constructive in the negotiation process. Naturally, the direct negotiations were conducted by the delegation consisting of gentlemen Zubak, Akmadzic, Buntic, and Markotic. As far as Mr. Komsic is concerned, he only attended the first plenary session, and we did not see him later. He also made some statements, saying that nothing would come out of the negotiations.

[Sabic] Judging by the recent appearances, one could say that the divisions between the Croat politicians in Bosnia-Herzegovina have been mitigated. The public appearances used to be much sharper....

[Granic] There were absolutely no divisions in Vienna. The Croats supported a joint position.

Visit to Sarajevo—a Question of Arrangement

[Sabic] During his short visit in Zagreb, president of the Bosnia-Herzegovina Presidency Alija Izetbegovic sent a short letter to President Tudjman, reminding him of the visit to Sarajevo he had promised he would make. Will the visit be announced soon? What is the nature of the difficulties that have caused the visit to be postponed?

[Granic] There are no political difficulties; both sides want this visit to happen. There are only technical difficulties, from the security ones to the question of

time acceptable to both sides, with regard to the obligations of both presidents. This was discussed in the last talk with Mr. Silajdzic, but will not yet be released in public.

[Sabic] On that occasion you met with Mr. Izetbegovic. Did you achieve the same degree of coordination concerning topical issues as you had done with Mr. Silajdzic?

[Granic] When you compare that meeting with the Bonn negotiations, this is a completely different story. It was possible to discern a determination to implement the agreement, to cooperate with Croatia, have President Tudjman for a visit, and consider certain practical aspects of cooperation. All in all, it was a pleasant meeting.

[Sabic] Was there a difference in relation to the Serbs? Namely, it seems that the Croats are still in favor of an agreement and peaceful solution, while the Bosniak side, according to a recent statement by Mr. Izetbegovic, keep the military option open too.

[Granic] These differences are getting smaller and smaller. The Croats primarily support the peaceful option. However, they are asking for firm guarantees for the agreement and its implementation. If there is a difference, it is because the Bosniaks are much more endangered, as the Serbs have occupied a significant part of their territory. The positions toward the Serbs have become closer for another reason, and that is that the Bosniak side has begun to realize that the possibility of the Serbs entering the Federation under equal conditions is very small. The Croats understood that from the beginning.

[Sabic] Perhaps it would be better to say that the Bosniaks also understood it from the beginning, but could not accept it?

[Granic] Yes, you could put it that way too. As can be seen from the Geneva announcement, the world is at present talking about a loose union between the Croat-Bosniak federation and the Serb territory. This is a model through which the territorial integrity of Bosnia-Herzegovina should be preserved, it is the reality of the present, and the Bosniak side is aware of this reality.

No Changing Borders With Neighbors

[Sabic] Finally, could you tell us a few words about the relations between the Republic of Croatia and the neighboring countries, considering that, after the elections in Italy and Hungary, this is a very interesting topic?

[Granic] Despite the change of the party in power, we are not expecting any changes in the relations with Hungary. As far as Italy is concerned, some people from Fini's party have issued certain statements unacceptable to Croatia. However, they were followed by other statements among which the most important one was the one made by the Italian foreign minister—it concerned the necessity of preserving the borders. We therefore hope that the Italian government will conduct the policy of good-neighborly relations.

[Sabic] Perhaps this is partly a result of certain suggestions the U.S. administration officials had given the new Italian government.

[Granic] Warren Christopher said very clearly that the United States firmly supported the position that the territorial integrity of the Republic of Croatia must not be questioned. This fact cannot be neglected.

Tudjman Calls For Unity in Liberation

LD2905172994 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 29 May 94

[Excerpts] [Announcer] Franjo Tudjman, president of the Republic of Croatia and supreme commander of the Armed Forces, promoted 11 Croatian Army officers to the rank of general. [passage omitted] Patriotic war decorations for the 1990-92 period were also awarded at the ceremony. Zoltan Kabok reports:

[Kabok] Addressing the promoted officers and high-ranking officials on Statehood Day, Franjo Tudjman spoke about the past four years, the realization of the centuries-old dream of the Croatian people, and the creation and strengthening of the Croatian Army. Three-quarters of the homeland have been liberated so far, and one quarter is still occupied. It is our historic task to liberate every inch, Tudjman stressed.

[Begin Tudjman recording] Of course, this is the task of the whole of the Croatian nation, but primarily of the Croatian Armed Forces, the Croatian Army. We can fulfill that task only if we have—as so far—a united Croatian people, and if our authorities keep scoring successes in economic recovery and international affirmation of Croatia. [end recording]

[Kabok] The president of the republic and supreme commander of the Armed Forces also spoke about Croatia's international position and said that we had to be ready to help the Croats in Bosnia-Herzegovina to ensure their survival, and that we must secure the strategic borders of the Croatian state. [passage omitted]

Tudjman Marks Statehood Day, Views Bosnia

LD2905105794 Zagreb Radio Croatia Network in English 0703 GMT 29 May 94

[Text] On the occasion of Croatian statehood day President Tudjman gave an interview to the director of Croatian radio and television, Mirko Galic. He discussed the situation in the country, its international position and events in Bosnia-Herzegovina. On the issue of Muslim/Croat relations in Bosnia, President Tudjman stated that the Washington Agreement was an absolute guarantee for the interests of Croats in Bosnia. Commenting on the international position of Croatia the

president said that Croatia, through its politics, had won many allies and friends, from the U.S. to China, European and Islamic countries.

President Tudjman has received numerous greetings from around the world on the occasion of Croatian statehood day. One of the first greetings received being from the American President Bill Clinton.

Bosnian Serbs Attack Border Area in Croatia

LD2805171694 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 28 May 94

[Text] After the Serbs based in Bosnia launched a sudden attack on the wider area of Zupanja in the Republic of Croatia with nine destructive shells at 1125 this morning, a general alert was sounded in Zupanja. Around midday Slavonski Samac also came under attack. According to a report from the Croatian border police, the Bosnian Serbs fired around 15 fragmentation shells on Slavonski Samac. There have been no casualties in these attacks, but huge material damage was caused.

In another Serb attack on the area of Orasje and Samac [in Bosnia] several civilians were wounded and fresh material damage was caused. The Serbs attacked that area with surface-to-surface missiles that they fired exclusively on civilian targets and business facilities.

Tudjman Speech on Launch of New Currency

LD3005133294 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 30 May 94

[Speech by President Franjo Tudjman at a ceremony marking the launch of the kuna, the new Croatian currency, at the National Bank of Croatia in Zagreb on 30 May—recorded]

[Text] There can be no doubt that the introduction of the national currency is the final act on the thorny path to establishing the independent and sovereign Croatian state. As the governor said, in order to be able to pass such a decision, we had to create certain conditions—political, economic, and international.

In the political sphere, we had to strengthen the democratic system in the Republic of Croatia. In the economy, we had to complete the reconstruction, the transformation of ownership, the restructuring of the socialist economy, of the socialist system into the free market. Of course, that task has not yet been completed but we have laid the foundations for it. We have made achievements in the stabilization program and in curbing inflation, despite unfavorable circumstances and despite the consequences of the war. The former governments—of Greguric and Sarinic—have contributed to it, and the government of Nikica Valentic added the final stroke, prompting the astonishment and admiration of the world and of economic experts.

In the international sphere we had to create conditions for Croatia to consolidate its position, for it to become not only internationally recognized, but also to win allies in the world both politically and economically. Today Croatia has such allies in the modern world.

These were the preconditions necessary for us to launch this final act of marking the national sovereignty of the Croatian people and of the Croatian state.

And as for the name: The Croatian nation is one of the oldest in Europe and it has the right to give its currency an original name. As academician Brozovic proved in his thesis, a long time ago, the mink [kuna] was a means of payment in the Croatian lands from Slavonia to Istria. The fur of the marten was a means of payment in other countries as well, but I do not know of any other country that attached the same significance to the mink as it had in Croatian history and [words indistinct]. Thus, the marten is on the historic coat-of-arms of the historic Croatian Kingdom of Slavonia. Therefore, we have the right to give our currency a different name, the one we have preserved in financial transactions since time immemorial. This is why we decided, in that respect as well—we have survived as a peculiar, different national entity in Europe and in the world—to appear in the world with a different name for our currency.

At all times and in all countries, the introduction of a national currency is of major significance in the moral, political, psychological, and economic sense. I am convinced that the introduction of our currency—the kuna and lipa—will have the same significance, that it will encourage our people—from schoolchildren to the elderly—to treat our currency in a more serious and economical way in business and in the state administration, so that it becomes the basis for faster economic and cultural development, the basis for our successful cooperation with the modern world because, I believe, it will retain convertibility owing to the results achieved.

The Croatian people deserve that. They have contributed, they have in fact achieved this in a political, economic and, unfortunately, military sense by defending their homeland from aggression. The Croatian people today have their own currency as a means for their future development.

As head of state, I would like to express the homeland's gratitude to all the people who have created the preconditions for the introduction of our currency and to all the people, technicians and artists, who were directly involved in creating the beautiful design of our currency.

Thank you, and let the historic path of our new Croatian currency be happy. [applause]

INA Signs Deal With China's Sinochem

LD3105084794 Zagreb Radio Croatia Network in Serbo-Croatian 0800 GMT 31 May 94

[Text] The Croatian oil company INA and China's Sinochem signed a contract in Beijing on long-term financing and cooperation worth $25 million. The documents were signed by INA director Dr. Franjo Greguric and the chairman of Sinochem. This confirms the further quality of Sino-Croatian business relations.

Federal

'New Signals, Change of Tone' by U.S. Viewed

LD2705162794 Belgrade TANJUG in English 1331 GMT 27 May 94

["Pool" item; by Borislav Lalic]

[Text] Belgrade, May 27 (TANJUG)—The United States for the first time on Thursday forced itself to admit that all Bosnian warring sides were responsible for the war in the former Yugoslav Republic of Bosnia-Herzegovina.

U.S. State Department spokesman Mike McCurry on Thursday said that the U.S. Government did not single out anyone as responsible for the setback in the Bosnian peace talks. Washington has, on all earlier occasions, laid the blame for the Bosnian civil war on the Serbs, increasingly often referring to them as the aggressors. It is probably premature to interpret McCurry's statement as an about-face in Washington's policy towards the Bosnian conflict and it the way it can be resolved. However, Washington has come up with new signals and a change of tone.

This can also be concluded from Wednesday's statement by U.S. President Bill Clinton, who said that the United States would not unilaterally exempt the Bosnian Moslems from the U.N. arms sales embargo, imposed in 1991 on all of the former Yugoslavia.

This came as a cold shower for Bosnian Moslem leader Alija Izetbegovic, who, in an interview to the WASHINGTON POST, has said that the Moslems would beat the Serbs, if not by knocking them out, then by scoring points. This the more so since Izetbegovic made the statement on the eve of the opening of the Talloires peace talks on Bosnia.

McCurry's statement also implied the State Department's turn about, as he resolutely dismissed speculations that the U.S. would support the Moslem-Croat federation's demand to be given 58 per cent of Bosnian territory.

McCurry argued that Izetbegovic was familiar with the U.S. position on the territorial division of Bosnia-Herzegovina based on the European Union [EU] plan, which envisages 49 per cent of the territory for the Bosnian Serbs and 51 for the Moslem-Croat federation.

Washington has thus stressed its commitment to the E.U. peace plan in seeking a political solution to the Bosnian crisis.

What is the most important is that the U.S. has turned towards Europe's realistic orientation, which should imply that a peaceful settlement will be sought in negotiations rather in NATO military actions.

Washington's volte face could also imply that the belligerence of the Bosnian Moslems might subside.

However, it is a different matter altogether if Washington's new frame of mind would be enough for peace to prevail.

Karadzic: Abolish Sanctions First, Sign Later

LD2805165994 Belgrade TANJUG Domestic Service in Serbo-Croatian 1412 GMT 28 May 94

[Excerpts] Subotica, 28 May (TANJUG)—Radovan Karadzic, president of the republic of Srpska and of the Serb Democratic Party [SDS], speaking in Subotica today said that the leadership of the Srpska republic will not sign any documents unless the abolition of the unfair sanctions against Serbia and Montenegro was given a priority treatment.

Karadzic was speaking at the founding assembly of the SDS Municipal Committee in Subotica today. Bogoljub Zelen was elected the committee's first chairman. The founding assembly was attended by Velibor Ostojic, chairman of the SDS Executive Committee, and numerous guests from town in Vojvodina where branches of this party already exist. [passage omitted]

Speaking about the republic of Srpska and the current situation, Karadzic said that during the coming talks "part of the territories will have to be ceded, but either the Srpska Assembly or the people at a referendum will decide which ones and how many." When the war is over the Serb people will have the least reasons to feel ashamed. Many crimes they did not commit have been attributed to them. Everyone knows who committed them and when and which units were involved, said Karadzic who spent three and a half hours in a packed hall of the Open University replying to numerous questions about the organization of a future state and the ties between the republic of Srpska and Serbia.

Statistics Show Inflation 'Nearly at Zero'

LD3005160394 Belgrade TANJUG in English 1440 GMT 30 May 94

[Text] Belgrade, May 30 (TANJUG)—The inflation has for three months been nearly at zero in Yugoslavia (Serbia/Montenegro), which in 1993 set the world record with its annual inflation rate of 116 trillion per cent. The inflation rate in May was 0.3 per cent down from April, Mirjana Rankovic, deputy general manager of the Federal Bureau of Statistics said on Monday. This has primarily resulted from a further decline of retail prices of manufactured goods. Prices of agricultural produce have increased 20.5 per cent and those of services 1.8 per cent, she said. In the past month most of the prices have been stable or have slightly declined, but the statistics has, nevertheless, registered an increase in prices of some products. There has been a record-high increase of the price of carrots—88 per cent—and apples—69 per cent. This is a seasonal price increase and its stabilization is expected with a better supply of these goods in markets in the weeks to come, Rankovic said. The retail prices dropped 6.7 per cent in May and 0.4 per cent in April.

The living costs were 0.9 per cent down on April, although the food costs, which largely influence them, increased 3.6 per cent. However, this was counterbalanced by a 4.2 per cent decline in the prices of clothes and manufactured goods.

Rankovic did not want to make any estimates regarding the inflation rate in the months to come, but she confirmed that the weekly monitoring of prices showed that food prices are stabilizing and that there is a further decline in the prices of manufactured goods. In late January, when the record-high inflation rate of 313 per cent per month was registered, the Yugoslav Government began the implementation of the programme of monetary reconstruction and economic recovery. The new economic measures have curbed the growth of price and recovered production, which was on the verge of a breakdown because of the international sanctions imposed on Yugoslavia in late May 1992.

FRY To Join Telecommunication Network

AU3005210794 Podgorica POBJEDA in Serbo-Croatian 17 May 94 p 1

[Article by N. Perkovic: "Under the Sea Into the World"]

[Text] Podgorica, 16 May 1994—Owing to a project made possible by the OTE, the Greek Telecommunications Organization, Montenegro and Yugoslavia will not remain a desert island in the "sea" of international telecommunications. A part of the $3.5 million equipment for digital radio-relay connections, which had been bought by Montenegro from the Italian company "Alcatel-Teletra" before the sanctions were introduced, will be delivered to Montenegro via Greece. Beginning from September 1996, Montenegro should have an underwater connection from Bar, through Durres and Corfu, to the whole world.

This is the result of the agreement achieved in Salonika and Athens between the Yugoslav and Montenegrin PTT and the representatives of the Greek telecommunication service. In Salonika, Vucic Cagorovic, the Yugoslav PTT general manager, Milorad Jaksic, the Serbian PTT general manager, and Jusuf Fetahovic, the Montenegrin PTT general manager, concluded the work of expert groups from both countries.

There followed a meeting of expert groups in Athens, led by Jusuf Fetahovic and Petros Labron, the OTE general manager, in which the agreement was reached that Montenegro should be included in every project for optic cables planned for the Adriatic.

Experts consider that the $30 million investment in the radio-relay and optic cables project will be the most profitable investment in Montenegro. Therefore it is considered that this historic endeavor will be fervently supported by the Montenegrin Government, especially if we know that both Montenegro and the Federal Republic of Yugoslavia would profit from it because this would enable them to become linked to the international communication network. Otherwise they would not only be cut off from the world and deprived of the possibility of following scientific achievements in this field, but they would also lose an important income in hard currency.

Taking into consideration all parameters, this will be the most profitable ecological and tourist undertaking in the ecological state of Montenegro [as published].

Serbia

Russian Envoy Churkin Meets With Milosevic

LD3105104094 Belgrade TANJUG Domestic Service in Serbo-Croatian 1011 GMT 31 May 94

[Text] Belgrade, 31 May (TANJUG)—Special Russian envoy Vitaliy Churkin, who arrived in Belgrade this morning on a new peace mission, met Serbian President Slobodan Milosevic.

It has not been officially announced what they discussed, but it is known that Churkin's mission is linked with the upcoming meeting on the crisis in former [as received] Bosnia-Herzegovina on 2 and 3 June in Geneva, convened by UN special envoy Yasushi Akashi.

TANJUG has learned from reliable sources that after the talks with Milosevic, Churkin will have meetings with the leaders of the republic of Serb Krajina [RSK] and the Srpska republic.

President Milan Martic and Prime Minister Borislav Mikelic, who are heading the RSK delegation, will hold talks with Churkin in the Russian Embassy on the resumption of the talks with Croatia.

Churkin arrived in Belgrade from Zagreb where he obviously did not conclude his mission because, as AFP reports, he will return to the Croatian capital this evening to hold talks with President Franjo Tudjman.

Churkin Comments

LD3105115594 Belgrade TANJUG in English 1130 GMT 31 May 94

[Text] Belgrade, May 31 (TANJUG)—Serbian President Slobodan Milosevic on Tuesday conferred with Russian presidential envoy Vitaliy Churkin about the latest aspects of settling the Bosnian conflict and about the republic of Serb Krajina-Croatia relations.

In a brief statement to the press, Churkin said that the first step in resolving the Bosnian conflict was an overall cessation of hostilities, which, he stressed, enjoyed strong Belgrade's support.

Opposition Leaders: Unification 'Out of Question'

AU2905154794 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 29 May 94

[Report by Zoran Glisovic from Kragujevac]

[Text] In reply to the question they were asked by the host of today's "Hallmark of Time" program on Kragujevac Radio, leaders of several parliamentary opposition parties categorically said that the unification of opposition parties is out of the question.

Vojislav Seselj said that such a thing is impossible as the Serbian Renewal Movement [SPO] and the Serbian Radical Party [SRS] have a different approach to the solutions to the national issue. According to Seselj, [SPO leader] Vuk Draskovic and he have only met in order to agree on a joint approach against [FRY Assembly Citizens Chamber Chairman] Radoman Bozovic. In this connection, Seselj expressed the hope that Slobodan Milosevic will make a step forward and replace Bozovic and threatened that if he does not do so, Milosevic himself may be [words indistinct]. Immediately afterwards, Seselj said that the Radicals do not like violence, but that they also do not like to be harassed by others. Considering what he claimed to be a parliamentary impasse, Seselj said that there is a possibility of holding elections at the federal level by the end of the year.

The SPO's Milan Komnenic was most direct in his reply to the question on unification, saying that the SPO and the SRS are not so much as getting closer to one another and having any joint approaches, let alone anything else. He added that what was involved was the SPO proffering protection to a parliamentary party, in this case the SRS, which was denied a democratic expression. The fact that the leaders of these parties, until yesterday fierce opponents, have met, does not have to mean love.

The Democratic Party, as Zoran Djindjic said, does not support any unification among opposition parties as they all have different programs. We, for instance, are critical of the U.S. policy toward Yugoslavia, he pointed out, and some others flirt with it. As regards the walking out of or boycotting assembly sessions, the Democratic Party does not accept that because, Djindjic pointed out, we have not been elected not to attend assembly debates, but, on the contrary, to fight for our stands and for changing things to the better.

Kontic: Bulgarian Issue Meant To Destabilize

AU2705153194 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 27 May 94

[Excerpt] [passage omitted] Prompted by the statements of the Bulgarian foreign minister and the increasing presence of articles in certain media in Bulgaria, the Federal Government reviewed the position of the Bulgarian minority in the Federal Republic of Yugoslavia [FRY]. It was concluded that an official document of the FRY Government should be prepared and submitted to the Human Rights Commission in Geneva. It was stressed at the session that 25,000 Bulgarians, mainly living in Dimitrovgrad and Bosilegrad, enjoy all the individual and collective rights that are stipulated by our Constitution and the highest international standards. The only children's magazine that is published in the language of an ethnic minority and that is financed by the federal state is a magazine in the Bulgarian language. Two-thirds of the deputies in the Dimitrovgrad communal assembly are Bulgarian. This is how Prime Minister Kontic assessed the broaching of the issue of the Bulgarian minority in the FRY:

[Begin Kontic recording] Turning attention away from the problem, that is, [words indistinct] both individual and collective rights of ethnic minorities in Bulgaria—which is a well-known problem in Bulgaria—and focusing it on the rights of the Bulgarian minority in neighboring countries. This is a well- known method of drawing the attention of one's public to some other issue. Secondly, we believe that this is actually part of a scenario drawn up by certain outside factors, and part of an additional and planned pressure on the FRY aimed at achieving the greatest possible destabilization before the decisive negotiations regarding the Srpska republic and the republic of Serbian Krajina, so that optimal results are achieved for the other side. [end recording]

SPS Official: Serbia, FRY Enduring Sanctions

AU3005095694 Belgrade Radio Beograd Network in Serbo-Croatian 0800 GMT 30 May 94

[Text] Goran Percevic, vice president of the Socialist Party of Serbia [SPS], in a statement for Belgrade Radio maintains that the sanctions against the Federal Republic of Yugoslavia [FRY] that were imposed two years ago had the goal of destroying Serbia economically and thwarting its policy of aid and solidarity with the struggle of the Serbian people in the republic of Srpska and the republic of Serbian Krajina. Two years later, we can say that Serbia and the Federal Republic of Yugoslavia have managed to withstand this terrible pressure—that is, that the sanctions have not accomplished their goal—said Percevic, and added that Serbia had had a dignified response to this attempt at economic destruction. I believe that this latest economic program that is being implemented in Serbia represents an economic response to the attempt at economic genocide over our country and people, said SPS Vice President Goran Percevic, in a statement for Radio Belgrade on the second anniversary of the sanctions.

Effects of Sanctions Examined

AU3005171094 Belgrade NIN in Serbo-Croatian 27 May 94 pp 10-12

[Article by Vesna Kostic and Aleksandra Bilanovic: "The Rigging of Life"]

[Excerpt] *"We cannot be under blockade. Perhaps in a thousand years (the embargo could have some effect). But a few years? That is nothing."*

—Slobodan Milosevic, president of Serbia

"1.2 million children are starving in the Federal Republic of Yugoslavia."

—Vlada Curguz, chairman of the Commission for Cooperation with UNICEF

The balance of the United Nations' two-year sanctions against Serbia and Montenegro is suspended between these two recent statements. The leadership and the policy has not changed, while the price was paid—generally patiently and voluntarily—by the population.

It is doubtful that the citizens are aware of this, because according to Dragan Popadic, professor of social psychology, "the sanctions affect the tissue of society in the same way radiation does: At first glance nothing seems to be changing and life goes on as usual. Like some irradiated organism, society becomes gravely ill without noticing it due to the still existing facade that things are functioning normally."

On the second anniversary of an unheard-of international isolation of a country, the Yugoslavs can conclude that, according to calculations of the Center for Development and Economic Policy of the Federal Ministry for Science and Development, they have lost some $45.117 billion. Zarko Katic, minister of transportation in Serbia, claims that this economic branch alone lost some $10 billion. The social product has been halved. This calculation does not include the other expenses caused by the blocked financial assets and property (20 sea and 43 river vessels, and six aircraft, whose value exceeds $600 million), and the loss of capital caused by the conversion of property into consumption. If the sanctions stay in place until 2011—the Center assesses—the cost of the blockade could mount to $147.334 billion. No one has yet calculated what will happen after a thousand years.

Infant mortality has climbed to 21.7 percent in 1992, while mortality among diabetics has doubled. Every other child in Belgrade is anemic; out of every 100 children hospitalized in 1989, 1.45 died, while last year this number climbed to 2.07. In the first year of the embargo, mortality among old people increased from 501 percent in comparison to the distant 1986. The number of murders in the same period rose by 49 percent, and suicides by 22.8 percent. With an unemployment rate of 40 percent among the able, working population, Yugoslavia tops the international charts. [passage omitted]

Kosovo

Members of Illegal 'Chamber of Commerce' Arrested

LD2805173194 Belgrade TANJUG Domestic Service in Serbo-Croatian 1518 GMT 28 May 94

[Text] Pristina, 28 May (TANJUG)—The Serbian Internal Affairs Ministry has detained representatives of the "Kosovo Illegal Chamber of Commerce" who unlawfully tried to set up a "Kosovo Chamber of Commerce."

As a meeting of the "executive committee" of this illegal organization was due to start the police stormed the premises, prevented the meeting from taking place and arrested Ismailj Kastrati and Sulejman Ahmetaj, the "president" and "secretary" of this Albanian "chamber", together with 11 "committee" members. The first two were detained while the others were released after interrogation.

Reporting on this incident, the newspaper BUJKU said that the police acted correctly. The paper also recalls the statements by Serbian officials saying they will not tolerate any organization of parallel power in Kosmet.

BUJKU admits that the Serbian authorities granted licenses to 14,000 private enterprises whose owners were mostly ethnic Albanians, but they cannot accept their being organized outside official institutions.

The Chamber of Commerce of Kosovo and Metohija does exist in Pristina. It represents the interests of all economic subjects regardless of their nationality. Ethnic Albanians are also members, and some of their private entrepreneurs are even using the premises that they leased from the Chamber.

However, the political group rallied round Ibrahim Rugova is trying to establish the parallel forms of power and thus prove that Kosovo is outside Serbia and that it is allegedly "a separate independent state."

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